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26 November 1985

# Latin America Report



FOREIGN BROADCAST INFORMATION SERVICE

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26 November 1985

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INTER-AMERICAN AFFAIRS

JOINT 'UNITAS' NAVAL EXERCISES EVIDENCE U.S.-LATIN STRAINS

Koblenz MARINE-RUNDSCHAU in German Jul/Aug 85 pp 214-217

[Article by Robert L. Scheina: "U.S. Maneuver With Latin American Navies: A Look Back at UNITAS"]

[Text] Our veteran colleague and expert for the Latin American navies describes the background of the UNITAS maneuvers that have taken place regularly for almost 25 years and he depicts in particular the last such exercise, in which he was able to participate personally.

In 1984, as in the past 24 years, a U.S. combat formation again sailed around Latin America to carry out joint operations in association with the ships and aircraft of various South American navies.

This time, a counterclockwise route was chosen. Participating were Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, and Venezuela. Conspicuous was the absence of Argentina, which has failed to participate since the Falklands war in 1982. So in the 1984 exercises, the most publicity was given to the events in September, when the "U.S.S. Thorn" had to aim fire hoses at an angry crowd of Argentines and sail early. The Argentine Government had given the destroyer permission to dock, even though the country's navy was not participating in the maneuver itself. The crowd had given vent to its indignation about the position of the United States during the war in the South Atlantic in 1982.

The UNITAS operation was under the command of Rear Adm Clinton W. Taylor, commander of the South Atlantic armed forces within the U.S. Atlantic Fleet. In addition to what the United States normally deploys against submarines, the battleship "Iowa" also appeared briefly, along with smaller special detachments of the U.S. Marine Corps and U.S. Coast Guard that were likewise present.

The history of UNITAS goes so far back and is so entwined in myths that the precise origin of the term can no longer be determined. A press release of the U.S. Atlantic Command states: "UNITAS is a Latin word that basically



means unity." A correct observation, and yet the author's own research reveals that UNITAS is an acronym formed from the initial letters of United International Antisubmarine Warfare.

No more can be learned from the international protocols that make reference to the exercises. When politicians and military people are asked about the basis of the operations, they generally refer to the inter-American mutual assistance agreement of 1947, the well-known Rio Pact. And if one wants to know details, then they cite Article 3. To be sure, this article provides for mutual defense but makes no mention of exercises or joint operations. Indeed, UNITAS originated in a network of navy missions that the United States established for itself in Latin America. When the national mission chiefs assembled in Panama in 1959 for their annual meeting, they were accompanied by a high-ranking naval officer of their host country. These Latin American officers recommended that their respective fleets stage binational exercises with the U.S. Navy. Doubtless the quarrels between most of the South American countries prevented them from advocating a multinational exercise that would have brought in other local fleets.

Since the end of World War II, many Latin American navies have carried out bilateral exercises with the U.S. Navy. It is hard to say which operation was the start of it all. Possibly it was the maneuver carried out in April 1950 with the Brazilian fleet. In the course of the 1950's, such binational exercises became more frequent. In the late 1950's, the United States and Chile organized a series of exercises that became known under the name PANAMEX. Only surface ships and aircraft that could be employed against submarines and submarines took part in those exercises. The first larger multinational exercise with Latin American navies took place at the beginning of 1959. The participants in this unnamed maneuver were the United States, Argentina, Brazil, Uruguay and Venezuela. The following year was the year of the first UNITAS exercise, in which the above-named countries as well as Colombia, Ecuador, Chile and Peru took part. These exercises and those of UNITAS involved one central point--antisubmarine warfare.

Immediately after World War II, the U.S. Navy believed that Russian submarines represented the greatest maritime threat. Accordingly, the United States decisively increased its expenditures for research and development of antisubmarine warfare. New weapons were employed, in part successfully, as in the case of the Mark 32 ASW-Torpedo. Others were failures, however, as in the case of "Weapon Alfa." Internationally, the United States began with a three-point program, the goal of which was the establishment of a capacity for antisubmarine warfare among the allies. For most of these navies, that meant starting at practically zero. For whichever side they may have fought on in World War II, almost all of them were destroyed--such is the case for the fleets of Greece, the Netherlands, Italy and Japan.

In the first place, the United States had to take responsibility for the building of escort ships to be employed in foreign fleets. Anyone noticing trivialities discovered that the escort ships built in Japan, the Netherlands, Italy and other countries for antisubmarine warfare received U.S. hull



numbers--indeed, for administrative reasons, since they were financed with U.S. dollars. The "Akizuki" (DD 960) of the Japanese Maritime Self-Defense Force was one of many.

Secondly, the United States trained seamen from allied and friendly countries in antisubmarine warfare. Thus in the summer of 1953, for example, three Peruvian destroyer escorts and a frigate--that is, about 50 percent of the naval strength of that country--underwent 5 weeks of intensive training with the U.S. Navy in San Diego, California. At the same time, Peru set up a new training center at its main naval base Callao that was conceived on the pattern of U.S. facilities. The focal point of the exercises was in the area of antisubmarine warfare.

Thirdly, in its joint exercises with other navies, the United States concentrated on precisely this antisubmarine warfare. Just as the name indicates, UNITAS was doubtless seen from the beginning as training for united international antisubmarine warfare, whereby it was as if one were seeking to detect the demon in the depths. That first UNITAS exercise set the pattern for the coming 20 years and therefore the fleet elements usable against submarines remained dominant.

Argentina sent its new light aircraft carrier "Independencia" with "Tracker"-ASW aircraft as well as five destroyers and an oil tanker. Another five destroyers, two submarines and land-based ASW aircraft came from Brazil. And each of the other Latin American countries sent escort ships. The United States committed a destroyer, three destroyer escorts, one submarine and two ASW aircraft. There can be no doubt that the UNITAS exercises are substantially supported by the U.S. Navy. During UNITAS 1 in 1959, the North American squadron was under way for 102 days in its course around South America. During this period, exercises took place on 45 days. The U.S. submarine "Odax" registered 203 hours under water, mainly as a target object for the surface units. So much for the statistics from 1959--the exercises have become increasingly intensive since then.

It has become apparent over the years that UNITAS was the point of departure for some even more demanding maneuvers. The Cuban missile crisis erupted, for example, just as UNITAS 3 was in full swing. The Argentine destroyers "Espora" and "Rosales" sped to the north at an average speed of more than 20 knots to join the Venezuelan destroyers "Nueva Esparta" and "Zulia." These units, together with the "U.S.S. Mullinix," were designated "Task Force 137." They patrolled the eastern entrance to the Caribbean between Trinidad and Puerto Rico, whereby they detected and reported about 150 merchant ships. They did not cease operations until the Soviets agreed to withdraw their missiles. In 1973, Chilean warships put to sea, apparently to take part in UNITAS 14. During the night, however, these same ships turned around and took control of Valparaiso. These actions, together with the measures of the other service branches, thus led to the fall of the government of Salvador Allende.

It is extremely difficult for the author to make an adequate assessment of the value of the UNITAS exercises. There are many who are very much in favor of them and just as many who do not think much of them.

Many proponents are high-ranking naval officers--captains and above--and politicians. They maintain that such exercises promote unity in the Western Hemisphere and that they contribute to increasing efficiency within the involved fleets and establish common points of reference that allow the navies to work together in times of emergency. All of these assertions are correct. In July 1984, the author interviewed the commander in chief of the Venezuelan Navy. Vice Admiral Justo Pastor Fernandez Marquez stated:

"The UNITAS operations serve the purpose of ensuring planning and tactical measures among neighboring states and of maintaining a high degree of operational readiness of submarines, surface ships and naval aircraft in the face of a threat to the hemisphere in a conventional war. The joint operations--primarily with the United States--provided very great advantages for the Venezuelan Navy and also represented an opportunity to carry out combined fleet maneuvers at a high level. This not only permitted us to consolidate mutual inter-American friendship ties but the officers and seamen also got to know one another better."

The author, who was also on board the "Almirante Jose de Garcia" of the Lupo-class, was himself able to get an idea of the esprit de corps between the crew and the other participants in the exercise. It is quite clear that in any case one's own efficiency is improved through joint exercises with other navies. And scarcely anyone can deny that the U.S. Navy maintains a standard that most of the other navies are still trying to attain. In this respect, the Latin American fleets doubtless profit from joint maneuvers with the U.S. Navy. In addition, such exercises have a common point of reference. English is the common language, just as it is in NATO exercises. In general, current procedures were adopted for refueling en route, for landing helicopters, and the like. Such details are decisive for successful operations as experienced during the Cuba crisis.

Those who cannot warm up to the UNITAS operations likewise present some convincing arguments. They maintain that the degree of advanced development and perfection cannot be better than the capabilities of the weakest participating fleet. When the U.S. squadron circumnavigates Latin America, about five navies may be taking part simultaneously. And many younger Latin American officers--commanders and under--maintain that the exercises are not really a challenge for most of the navies.

In addition, the UNITAS exercises have primarily been oriented toward antisubmarine warfare during all of these years. They may, to be sure, correspond to the model of the international situation as seen by the United State but does this serve the true interests of the Latin American fleets? Many younger officers doubt that. In recent times--in about the last 5 years--the UNITAS exercises have been extended to include warfare in the air and over water as well as against amphibious vehicles. Thus, for example, the Argentine and U.S. navies carried out an amphibious exercise during the 1981 maneuvers in Patagonia at the southern tip of South America. In 1983, the "Almirante Jose de Garcia" of the Lupo-class from Venezuela won the "Long Rifle" certificate when it hit a remotely piloted aircraft with an "Aspide" ship-to-air guided missile. During last year's UNITAS 25, a "Mirage" of the Venezuelan Air Force undertook a simulated attack against fleet units.

Although reluctantly, perhaps the United States is resigning itself to the fact that the greatest danger to the national security of most Latin American countries, as seen by their navies, does not emanate from Soviet submarines but from a neighbor.

Many officers of the Latin American fleets have complained that the United States has a double standard when it comes to granting allies access to the equipment and tactics of antisubmarine warfare. They assert that only NATO countries profit from what is now most current. This argument is supported by the inability of the Argentine Navy to deal with a few nuclear-powered submarines during the 1982 war.

So the real question in regard to UNITAS is not "is it worth it?", for that is obviously the case. On the contrary, it is a matter of whether the navies involved are getting their full money's worth.

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CSO: 3620/23

INTER-AMERICAN AFFAIRS

TRADE COOPERATION AGREEMENT SIGNED WITH VENEZUELA

PA021809 Guatemala City Domestic Service in Spanish 0200 GMT 31 Oct 85

[Speeches by Venezuelan Deputy Foreign Minister German Nava Carrillo and Guatemalan Foreign Minister Fernando Andrade Diaz-Duran after signing a trade cooperation agreement in Guatemala City on 30 October--recorded]

[Excerpts] [Nava Carrillo] Ladies and gentlemen, dear friends: I am very pleased to be in Guatemala enjoying the traditional hospitality that I have always received every time I have come here. On this occasion, I am again pleased to be here for the signing of this partial scope [alcance parcial] agreement. This is an important event. We also recognize that it is the beginning of a new type of relations between our two countries; in this specific case, in the economic and trade sector. They are based on a new political context in which Venezuela and Guatemala agree on two essential and unpostponable objectives: the reestablishment of regional understanding and the search for a peaceful and respectful coexistence among the members of the region and the defense and respect for freedom, justice, and human dignity through the path of establishing democracy.

Both governments firmly support dialogue to achieve mutual understanding and efforts for the full progress and development of the political, economic, and social institutions. The Contadora process, which has received and constantly receives encouragement from Guatemala, contains much of these common efforts and the aspirations shared by Venezuela and Guatemala. I must acknowledge here the particular concern of the Guatemalan foreign minister in the prompt achievement of this goal of coexistence and progress in Central America.

The agreement we have signed has the definite objective of making the trade flow between Venezuela and Guatemala more dynamic and of contributing to the consolidation of the process of Latin American integration. It establishes a system of nonreciprocal preferences in the tariff area. Venezuela establishes preferential treatment for Guatemala to promote the increase of its trade to Venezuela. This fortunate agreement and this political attitude of the Venezuelan Government falls within its well-known decision to provide cooperation and represents an additional concrete step in the implementation of the Caracas Action Plan for Cooperation Among Developing Countries.



[Andrade Diaz-Duran] I believe that this simple but significant event is important for two peoples and governments that are becoming even closer through a common effort in the search, as you put it, for peace, national reconciliation, freedom, democracy, and pluralism. Mr Deputy Minister, the agreement we have signed is very important for the flow of our bilateral trade. I think the fact that Venezuela is making flexible the tariff and nontariff barriers will surely contribute to facilitate the export of Guatemalan products to Venezuela. It is definitely very important for the economy and trade. I agree with you that this is a first step of many efforts that we will carry out together.

I also share your concern over the crisis that is deeply affecting Central America. Guatemala has maintained an attitude that is consistent with the Contadora efforts. We see that Venezuela is a country that through the Contadora process has maintained a constant interest in the region and through a number of facilities has made concrete its desire to encourage the Central Americans to find formulas of peaceful coexistence. We are deeply grateful to Venezuela and the Contadora Group. Guatemala wants to use this opportunity to again reiterate its unconditional support for this truly Latin American effort.

Guatemala is on the eve of a historic electoral event. I say with absolute sincerity that it is an event that will mark a change in the path of our people, in their path to democracy. Guatemala has been a country that has been greatly affected by violence for decades, a country that has been subjected to many internal and external pressures. However, its people are noble people who have understood that they must join their Latin American brothers in that unstoppable current of democracy and freedom. We are walking with firm and sure steps. We are sure that on 3 November we will go to the polls to elect a legitimate and representative government without interferences, pressures, or restrictions. We will elect a democratic government that will respect human rights and believe in democracy and pluralism. It will be a truly Latin American and Central American government. In this sense, we thank you for your presence today not only to sign this agreement but also for the message that you brought. Mr Deputy Minister, please convey to President Jaime Lusinchi, that great democrat and statesman of South America and that great friend of Central America and Guatemala, the recognition of the Guatemalan people and government. Please convey our thanks to Foreign Minister Simon Consalvi because friends are confirmed when one needs them the most, and you have again extended your hand. Thank you very much.

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CSO: 3248/60



BARBADOS

ST JOHN EXPECTS AREA NATIONS TO FULFILL TRADE PACT

FL281655 Bridgetown CANA in English 2152 GMT 27 Oct 85

[Text] Bridgetown, Oct 27--Barbados Prime Minister Bernard St John says he expects all Caribbean Community (Caricom) governments to fulfill a 1984 agreement aimed at reversing a decline in intra-regional trade.

So far, 8 of the 12 members of the trading group have implemented the so-called Nassau Understanding, under which all Caricom countries agreed to increase the tariffs on a specified list of foreign goods to protect regionally made equivalents and, in the case of the leeward and windward islands, to raise from 20 to 30 percent the domestic content of their goods seeking duty-free entry in fellow common market countries.

I think the implementation of Nassau will take place, St John told the weekend SUNDAY SUN in an interview published today. As I understand it, there are various dates now, or appropriate dates, by which Nassau will be implemented, he said.

St John met other Caricom leaders during this month's Commonwealth summit in the Bahamas. The Barbadian leader last month warned he would take protectionist measures against countries that had not instituted the Nassau accord.

All of us (Caricom heads) recognised, as I understand it, the need for the decisions that were taken at Nassau to be carried into effect, St John said.

St John continued: In the meantime, one has to take into account the representations by manufacturers that those countries which have not implemented are getting an unfair advantage in certain markets because our consumers are giving them protection. The government has put in machinery to mitigate the effect of this unfair advantage.

He said government's system was known as "like goods" treatment. It is not tit-for-tat or anything like that...it is treating like goods in a like way.

Countries which have not yet announced implementation of the Nassau Understanding are Trinidad and Tobago, Belize, Antigua, and Barbuda and St Lucia.

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CSO: 3298/086

BARBADOS

HEIGHTENED POLITICKING MAY INDICATE EARLY ELECTION

FL101435 Bridgetown CANA in English 2338 GMT 9 Oct 85

[By Reudon Eversley]

[Text] Bridgetown, Oct 9--Constitutionally, the next general election in Barbados is not due before the latter half of 1986, but heightened politicking suggests it could very well be around the corner.

In fact, some analysts are predicting the poll could come as early as next month, following a 2-day official visit by Queen Elizabeth planned for October 28-29.

The government has just completed a national enumeration exercise to update the voters list and minimise possible errors, and politicians from the two major parties have already taken to the hustings.

Quite a few campaign headquarters are already open, serving as bases for candidates and supporters actively courting voters in the 27 constituencies.

The Barbados Labour Party (BLP), facing the polls for the first time in almost 20 years without its charismatic leader and master strategist Tom Adams, will be after a third 5-year term, but its chances could be dampened by mounting unemployment, officially estimated at 19.3 percent at the end of June.

The problem, which the BLP administration blames mainly on external influences, has provided extra ammunition against the BLP for its rejuvenated archrival, the Democratic Labour Party (DLP) of former Prime Minister Errol Barrow.

The 6-month-old Workers Party of Barbados (WPB), a Marxist-Leninist group, also plans to be in the race, but analysts say its participation will have minimal impact on voting trends, given the conservative nature of Barbadians.

Faced with a troubled economy shaken by a regional trade crisis and an unexpected slump in the number-one foreign exchange earning tourism sector, new Prime Minister Bernard St John clearly is confronted with a hard choice of either sitting out the government's full term or calling a snap poll, analysts say.

Well-placed political sources say both options have been put to St John by sections of the BLP hierarchy. One section feels the employment generation measures, outlined by St John in his budget last May, would bear fruit by next July. Other BLP strategists think its better to go for elections now, in view of a possible worsening of economic conditions.

Meanwhile, the DLP top brass, including parliamentarians, endorsed election candidates and key advisers, held their second closed-door retreat in 2 months last weekend, discussing solutions to current national problems and continuing work on programmes to be pursued by a BLP government.

The urgency and intensity with which the Democratic Labour Party is preparing itself for assuming the reins of government is directly related to widely experienced frustrations, anxieties and afflictions under which the population of this country is presently suffering, said an end-of-conference communique.

The DLP held power from 1961 to 1976 when it was defeated in elections by a rejuvenated BLP led by Tom Adams, whose sudden death last March was a major blow for the ruling party. Unless there is a dramatic turnaround in the intervening period, present indications are that unemployment will emerge the top issue in the campaign for votes.

A lingering trade crisis within the Caribbean Community (Caricom) has had devastating impact on local employment levels, caused by the collapse of several manufacturing enterprises as a result of difficulties in exporting to Caricom buyers, especially Trinidad and Tobago, which has local and other Caricom goods under licence.

Tourism, currently showing a meagre 0.1 percent increase in visitors over the first 8 months of 1984, has had an unanticipated poor summer season causing a number of hotels to lay off workers. Government is hoping for a bumper winter to bring back up employment levels in this sector.

Prime Minister St John, who recently threatened reprisals against Trinidadian products if Port-of-Spain does not relax existing trade barriers, is hoping some respite for the beleaguered manufacturing sector will come through implementation by Trinidad of the Nassau Understanding--a package of measures agreed to by Caricom leaders for stimulating intraregional trade and safeguarding Caricom industries.

St John has been pressing delinquent Caricom counterparts to implement the 1984 agreement--the deadline was August 31--and recently flew to Antigua for government talks which ended with the St John's administration agreeing to implement the pact by mid-October.

In the meantime, government is forging ahead with its multimillion dollar capital works programme, expected to bring some ease to the unemployment problem. Centerpiece is the construction of a near Bds100 million dollar (1 Bds dollar; 50 cents U.S.), 22 kilometre highway that will link the island's lone airport in southeast Barbados to the west coast.

The BLP administration has also announced its throwing an unprecedented 30-odd million dollars into the housing sector. This is in addition to U.S. 10 million dollars which had been allocated specifically to low-income earners.

Government has been concentrating too on a skills training programme among the youth to enhance their chances of finding a job.

But BLP leader Barrow, who disputes the official 19.3 percent unemployment rate, has predicted a worsening of the problem over the coming months and has alluded to the possibility of 10,000 more Barbadians losing their jobs.

He told the London-based weekly CARIBBEAN TIMES in a recent interview that this number, including civil servants, may get the axe as a result of austerity measures the government may have to introduce to service an increasing national debt.

Barrow says the DLP strategy to fight unemployment would include lowering rents and utility rates for manufacturing enterprises, noting present rates are too high. It would also seek to link employment to production, he said.

The WPB has also been focusing its attention on unemployment with the unveiling of a 27-point action plan and the launching of a mobilisation drive among the jobless, leading up to a planned demonstration outside government headquarters on November 30, Independence Day.

Unlike the BLP and the DLP, however, the WPB has proposed transformation of the Barbados economy from the capitalist to socialist mode as the long-term solution to the problem.

In the present 27-member Parliament, the BLP holds 17 seats to the DLP's 10.

/9365

CSO: 3298/086

BARBADOS

BARROW FOCUSES ON UNEMPLOYMENT, PREDICTS SOCIAL UNREST

Warning on Joblessness

Bridgetown BARBADOS ADVOCATE in English 30 Sep 85 p 1

[Text]

Opposition Leader Mr. Errol Barrow has warned that unless something is done to correct high unemployment there could be a social explosion in Barbados.

Addressing the official opening of the City Branch office of his Democratic Labour Party (DLP) yesterday, Mr. Barrow said that unemployment was one of the most critical problems with which the country had to come to grips. The office is on Reed Street.

He told supporters that Government was now admitting a 20 per cent unemployment, but as far as he was concerned, it was close to 40 per cent. He said that factory after factory was closing while all the Industrial Development Corporation (IDC) was doing was giving us figures.

"We are fooling ourselves if we think that people are not going to bed hungry every night," Mr. Barrow said. He pointed out that the expectations of young people had increased and noted that there was frustration among them.

The former Prime Minister said that the Government was seeking to answer the unemployment problem with the building of roads. It means that if you have eight or nine 'O' levels you would get a job dropping stones or carrying a basket in the road project, Mr. Barrow said.

He said too that the country must avoid comparing the unemployment situation in Barbados with other

countries. Mr. Barrow drew reference to Jamaica where he said there were land resources for the unemployed to turn to, and Britain where there was insurance for the unemployed.

He pointed out that none of these examples related to Barbados.

Mr. Barrow said that the recent riots in Brixton took place because black people in Britain realised that their black brothers in South Africa were standing up for their rights.

The Opposition Leader cautioned that Barbadians were seeing these events on television.

"I am concerned about today and the future because the future belongs to the young people," he added.

The DLP's candidate in the City in the forthcoming elections will be Mr. Peter Miller.

In soliciting support for Mr. Miller, Mr. Barrow said that the City has been without proper representation for a long time. He added that in establishing the office, residents of the constituency now had somewhere to go, and someone to turn to with their problems.



## Unemployment Forecast

Bridgetown BARBADOS ADVOCATE in English 4 Oct 85 p 1

[Text]

LONDON, Thursday, (CANA) — Barbados' parliamentary Opposition Leader, Mr. Errol Barrow, says he fears as many as 10 000 more Barbadians could lose their jobs as a result of austerity measures the Government may have to introduce to service an increasing foreign debt.

Mr. Barrow, Barbados first Prime Minister (1966-76), pointed to this possibility in a wide-ranging interview with the West Indian-oriented, London-based weekly, Caribbean Times, as he commented on the rising unemployment situation and the "severe debt problem" facing the Caribbean island.

"...We in the DLP (Democratic Labour Party) fear for more thousands of jobs when the international banks call for austerity measures to have their loans serviced", the opposition leader said.

"What we feel is that based on the present course of the Government, as many as 10 000 could be further unemployed. What I mean is that it won't simply be factories closing down, but there could be some civil servants and other public sector employees among that number."

Mr. Barrow, 65, questioned the accuracy of the latest official unemployment figure of 19.3 per cent at the end of June, saying the findings of a DLP survey using larger samples point to a figure of between 30 and 35 per cent.

Barbados unemployment level has shot up largely due to retrenchment and lay-offs in the manufacturing sector related to lingering trade difficulties within the Caribbean Community (CARICOM), a key export market for Barbadian products.

Mr. Barrow, an attorney, said Barbados today was "mortgaged up to the hilt", with an overall national debt

of "a little more than a billion" dollars compared with what he said was \$258 million when the DLP left office in 1976.

"When we look around, we cannot see where the money has gone. There is little in the country that we did not leave there," he said.

Central Bank Governor Dr. Courtney Blackman, in a recent address to life underwriters in Bridgetown, put the island's total debt at Bds \$942 million at the end of March, of which \$762 million accounted for the external public debt.

Dr. Blackman said Barbados was "well within the limits" as its debt was 23.7 per cent of Gross Domestic Product (GDP) and debt service ratio was 5.7 per cent of total foreign exchange earnings.

Mr. Barrow accused the Barbados Labour Party (BLP) administration of not telling the nation the true situation about the economy.

Speaking of how a future DLP administration would go about tackling unemployment, he indicated that a priority would be to reduce utility rates, saying the present cost of water and electricity was "much too high."

He gave no other details about the programme which the DLP had drawn up to bring "a substantial number of new jobs to the island as well as some of the old ones."

Asked about his health as he prepares to lead the DLP into general elections constitutionally due next year, Mr. Barrow, 65, said:

"Look, I am not an old decrepit individual. Last year, I had some trouble with my leg and so on but, touch wood, I feel quite fine now; and furthermore I am ready for the battle ahead."

Mr. Barrow, along with Shadow Minister of Finance Dr. Richie Haynes, were in London recently on a private visit.

## Government Reaction

Bridgetown BARBADOS ADVOCATE in English 4 Oct 85 p 2

[Text]

The Ministry of Finance and Planning issued a statement yesterday, rejecting Opposition Leader Errol Barrow's statements on the current unemployment rate obtaining Barbados.

Mr. Barrow had said that Government was admitting to a 20 per cent unemployment rate, but as far as he was concerned, it was close to 40 per cent.

The statement said:

The Statistical Department, using the same methodology in its April-June survey 1985, but a bigger sample than the one used when Mr. Barrow was Prime Minister and Minister of Finance in 1975, has fixed the number of people working in Barbados at 89 000.

The Ministry of Finance and Planning pointed out that the figure of 40 per cent which the Barbados Advocate quoted Mr. Barrow as stating, does not truly reflect the current unemployment rate obtaining in Barbados. Mr. Barrow's story was carried in the paper on September 30 in

a lead story headlined "Barrow: Unrest Over Jobs Likely — Unemployment Rate Nearly 40 percent."

"The Ministry stated that the increase of the sample used by the Statistical Department since 1980 would have increased the accuracy of the result."

According to the Ministry, there is no record to be found of Mr. Barrow querying the accuracy of the unemployment statistics when he was Minister of Finance, and his suggestion that the same methodology used today would produce highly inaccurate statistics, lacks credibility.

Furthermore, the ministry said it is now possible through the computerisation of the National Insurance roll to determine the number of people for whom National Insurance is paid every quarter. While all aspects of this new system are not yet in place, it has reached a sufficiently advanced stage to determine that National Insurance is paid for some 90 000 people.

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BARBADOS

OPPOSITION DLP ANNOUNCES CHANGES IN SHADOW CABINET

Bridgetown BARBADOS ADVOCATE in English 25 Sep 85 p 7

[Text]

There has been a reshuffle of the Shadow Cabinet.

The changes in the shadow portfolios of the members of the Democratic Labour Party in Parliament were announced by Leader of the Opposition Mr. Errol Barrow.

The new Shadow Cabinet is: Mr. Errol Barrow, leader of the Opposition; Shadow Minister of the Prime Minister's Office; Defence and Security; Cabinet Office; Services Commissions; International Transport and Economic Planning.

Mr. Erskine Sandiford: Deputy Leader of the Opposition, Shadow Minister of Information; Parliamentary Affairs; Health and Social Security.

Mr. Branford Taitt: Shadow Minister of Education and Culture.

Dr. Richie Haynes: Shadow Minister of Finance, Public Utilities and Energy.

Mr. Philip Greaves: Shadow Minister of Commerce; Industry and Consumer Affairs.

Mr. Warwick Franklin: Shadow Minister of Agricultural and Natural Resources; Housing and Lands.

Mr. Keith Simmons: Shadow Minister of Labour and Community Development.

Mr. Lawson Weekes: Shadow Minister of Transport and Works.

Mr. Maurice King: Shadow Minister of Transport and Works.

Mr. Maurice King: Shadow Minister of Legal Affairs and Foreign Affairs.

Mr. Harold Blackman: Shadow Minister of Tourism and the Environment.

Senator Wes Hall: Shadow Minister of Health and Social Security.

Senator Evelyn Greaves: Shadow Minister of International Trade.

The changes took effect from yesterday.

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CSO: 3298/086

BARBADOS

# DLP'S TAITT DISCUSSES WAYS TO REVITALIZE INDUSTRY

Bridgetown SUNDAY SUN in English 29 Sep 85 pp 29, 30

[Interview with then shadow minister of industry Branford Taitt by SUNDAY SUN editor Tony Vanterpool; date and place not specified, but prior to 25 September, according to an editor's note at the end of the item]

[Excerpts]

**Q:** Mr. Taitt, earlier this month at a review and planning meeting at the Hilton Hotel the IDC's chairman announced that the organisation had provided 2316 new jobs during the two-year period 1983-85. But he also indicated that 2100 jobs had been lost in IDC-assisted industries; as a person who is very experienced in industrial promotion, what is your reaction to this situation?

**A:** Very serious; very, very serious. The situation is critical. Let us look at the facts.

In 1983-84 the IDC spent \$2.6 million in its investment promotion programme at home, in North America and in Europe. The following year 1984-85 the estimate for that programme was \$3 million and for the current year, 1985-86, it stands at \$2.9 million.

Added to that there is the capital expenditure which covers factory construction. The approved estimate for 1983-84 was \$8.2 million and the actual expenditure was \$7.3 million. For 1984-85 the estimate was \$9 million but the revised figure was \$3.5 million. For the current period 1985-86 the capital expenditure for factory construction is fixed at \$4.5 million.

From those figures, it would appear as though the IDC is spending an awful lot of the taxpayers' money but still not

getting the necessary results. That is why I say that the situation is critical; that is why I would like an investigation.

**Q:** Critical is a strong word; could you be more explicit as to why you are using the word "critical"? Is this just another political gimmick?

**A:** You don't have to be an Einstein to realise what I am talking about. If the IDC has provided 2316 jobs during the two years, '83-'85 and IDC assisted industries have lost 2100 jobs during the same period, the realistic net value in terms of jobs for that period is 216 jobs. And to get those 216 jobs the IDC has spent more than \$5 million. Divide that \$5 million by 216 and you will discover that each job the IDC can account for, came at a cost of \$23 146.14. I suspect that private enterprise could have provided more jobs with that money.

**Q:** Mr. Taitt, as the shadow minister for industry in Parliament, and as one who has actually served not only as a minister of industry but as the IDC's first North American representative, what do you think is responsible for the current ailments in our investment promotion programme?

**A:** I think the IDC is a symptom of a deeper crisis in our economic development sector. The IDC itself should not be castigated. It is the policy

direction which the corporation gets from the Government and the attitude of the Government, more specifically, the ministry responsible for industry which would have to be criticised.

I think that for most of its term, the Government's allocation of resources indicated a disinterested attitude to the manufacturing sector; a disinterested attitude toward industrial development as a whole; even though the evidence is clear that the salvation for Barbados is expansion in its manufacturing sector.

One only has to note that the contribution to Gross Domestic Product moved from two per cent in the early 1960s to almost 16 percent today, to recognise that that is the sector which has advanced the most.

We have got a crisis and the crisis continues to be solved by rhetoric.

**Q:** Do you have any suggestions as to the direction you think the IDC's promotion should follow right now?

**A:** One of the things I did on my recent stay in the United States was to re-examine the methods that are being used and to see to what extent we could improve on them when we have responsibility for the country again. And I became aware that, especially during the last two years, almost no

industry from outside of Barbados has come into Barbados and set up, really.

Secondly, we made some fundamental changes in our promotion strategy and structure in the United States which, to my mind, is self-defeating.

Thirdly, we are continuing a methodology that is not keeping up with the times.

We ought to be identifying companies; large manufacturing companies; medium manufacturing companies, suited by their product to Barbados and demonstrating to them that they have a problem which we can solve. Salesmanship and marketing are different aspects of the promotional game and we are not doing 20th Century or 21st Century promotion at this stage, apparently.

of manufacturing industries.

**Q:** Do you think Barbados could ever return to that stage, as in the past, where you would have two or three new offshore industries opening yearly?

**A:** Yes. I am satisfied that a proper strategy will result in Barbados returning to the point where we are seeing three or four new industries established every year. We need to review the entire programme; the package is woefully out of date. New and more relevant incentives must be employed.

The deployment of our promotional resources is another example. At the moment they are inadequate and they are not utilising the kind of personal effort in the field that is necessary; perhaps they cannot.

**Q:** As he addressed the review and planning meeting on September 9, the IDC's chairman, Mr. Fred Gollop, said that the organisation had recognised that employment would increase at a lower rate than investment, output and exports, as the corporation continued its shift to internationally competitive enterprises; do you agree with that observation?

**A:** I don't share his view because I don't see the evidence of the shift to internationally competitive enterprises. There has always been a continuing shift to "internationally competitive enterprises" but it is for the corporation to constantly upgrade itself.

The change in pattern, or the change in type of industry, does not negate the necessity to find the required number of industries and therefore, number of jobs, in the particular field that you have gone into.

**Q:** Another statement made by Chairman Gollop was that some of the IDC's very constructive work was frustrated by business failures that had nothing to do with incentives, rents, Government policy, generally, or the prevailing economic climate but that some of those failures came about as a result of bad management; are you in agreement with these observations?

**A:** When you examine the companies that have closed you cannot on a fair balance of probability agree with that statement. Take a company like Koves. That company had through its marketing thrust, found itself into a number of third countries' markets and North America.

Furthermore, we created the Institute of Management and Productivity; and according to the information put out by the same IDC, a large number of Barbadians at the middle-management level have graduated from BIMAP; and the objectives which we set when we created BIMAP, are being reached.

Now look at Cooper. Cooper closed in Barbados but Cooper Canada is still going very strong in Canada itself and their management techniques would be North American management techniques. I could go on to find a number of them.

There is no doubt in my mind that the IDC, or rather the Government, made a tactical error when it borrowed money for factory construction from an international agency with the usual conditionalities. The result was that that agency dictated to the Government what kinds of rent would have to be charged.

That was the beginning of the demise of a number of local manufacturers — Barbadian manufacturers — who found the combination of poor trade in CARICOM and high rents by the IDC to be simply too much and they failed.

I think that the failure to bring new industries in as old ones closed, even from bad manage-

ment, is responsible for this drop to the bottom. The CARICOM situation, the marketing situation, has also contributed. I don't know that we have this spate of bad management in Barbados. I would make bold to say that management quality in Barbados has improved over what it was 15 years ago in the private sector. I think it's unfair in some ways to suggest that we have this cacophony of bad management in Barbados. I think that we have done well in terms of certain aspects of our management development in Barbados. It is a straight case of policy failure.

**Q:** In this catastrophic situation there seems to be a glimmer of light. The IDC's general manager, Mr. Rawle Chase, is quoted as saying that next year could very well see an increase in local and foreign investment in Barbados. He also added that his optimism was based on recent trends and the numerous enquiries which were being made by prospective investors. Mr. Chase added: "The signs are there, a number of things are happening, and we are really optimistic about next year." Are you, Mr. Taitt, as hopeful as Mr. Chase?

**A:** I regard that statement as rhetoric. The general manager has to make statements like that. But if you look at the IDC's publications over the last few years you will see that we have had a spate of similar statements. I recall very well the slight controversy which we engaged in not long ago when I had to question some of the statements being made by the IDC.

It is unfortunate that the new minister (Mr. Louis Tull) is giving the impression that life in industry is going to begin from his bringing the women together. The former chairman made similar statements when he became chairman and the previous minister, who is now Prime Minister, made similar statements, based on information supplied to him by the manager of the IDC that there would be a renewal next year. We have been looking for next year ever since 1977 when it was promised there would be a new approach. I don't accept that much has happened.

**Q:** Since many people feel



that this question of unemployment should be approached as a national issue rather than a party issue because of its seriousness; and since you have such wide experience in industrial promotion, if you were asked right now to contribute your experience by serving on the board of the IDC, would you be willing to serve?

**A:** I do not believe that members of Parliament should serve on boards, so that question does not arise. I took that position before when the Government made another error of appointing a chairman from Parliament. I think however that the proper approach to a change in our fortunes is to change the policy source; to change the direction from which the policies are coming because they are stale. There are no new ideas; there is a continuation of what was and we need to change the entire approach.

**Q:** As shadow minister of industry, would you be willing to disclose any new plans you might have in mind for industrial development?

**A:** Yes. If you look at the DLP booklet *30 Years and Onward*, on page 68 we have outlined some of the things which have to be done. We have to mend fences in the Caribbean; we need a much more personal approach to the CARICOM effort; the ministers have to expend a lot more energy.

Secondly, we are going to give direct assistance, much more direct assistance, to the manufacturing sector in the form of production and production costs; we have to lower factory rents. In some cases we have to give a moratorium to people on rents

because we have a situation where the IDC now has a large amount of real estate.

Some of it, as I have said elsewhere, has reached the level of dereliction where you would think that vandals had gone deliberately to destroy it. That is useless real estate if it is not being utilised for production purposes. It is better to allow companies that are in trouble — Barbadian companies that are in trouble — to work in those factories with as much as a year rent free accommodation because it is the same kind of subsidy we build into the programme when we offer the incentive of providing factory space to manufacturers who come from overseas.

We need to review the energy costs to the manufacturing sector and there are other things which have been pending within the manufacturing sector, with the Government, for a long period of time which need to be straightened out.

Our new industrial development for Barbados needs to have our markets better targeted. This will require a thorough review of our resources, human and other. I know that I have talked of the incentive package. It has neither kept pace with nor been informed by trends in the market place. Better and more relevant incentives must be offered to local, regional and extra-regional investors. And the people who have been working in the field, the experts who have been working in the field should be consulted. I am talking about Barbadian experts, that is, IDC experts; I think they know what should be done.

I think I would be inclined to restructure our promotion effort. I think the office in Brussels was an error. It

should be closed. And the resources we are expending in Brussels should be used to enhance our North American effort. If necessary, we would go into California. But the point is we need to go where the action is. Brussels is a strain on our resources and, given all the circumstances, Brussels is not an office that should remain open.

These are the things which I can tell you have been brewing with us for some time; plus some others we would rather not reveal at this point.

**Q:** Do you have any other thoughts for streamlining the promotion effort?

**A:** Yes. This is a very important point. There are too many agencies dabbling in the promotion effort. I think that we need IDC to get back to its principal business of promotion for industrial development and all the other agencies need to supplement the IDC rather than to replace the IDC. I think that an occasional input from an agency is desirable where your market requires it. But to have other agencies putting on promotional efforts for Barbados and talking about industry, is self-defeating.

Marketing is a specialised area and we should use specialised people to do it.

**Q:** Are you saying then that there is some duplication of effort?

**A:** Oh yes. There is tremendous duplication of effort. We have a lot of jacks of all trades and masters of none.

**Editor's Note:** This interview took place before the Democratic Labour Party's announcement of the change in shadow ministries.

[announced publicly on 25 September].

BARBADOS

## DLP OUTLINES POLICIES FOLLOWING 4-DAY CAUCUS TALKS

### Topics Discussed

Bridgetown DAILY NATION in English 8 Oct 85 p 1

[Text]

UNEMPLOYMENT and illegal drugs were two of the main issues discussed when the Opposition Democratic Labour Party (DLP) held a four-day weekend retreat at the Crane Hotel, St. Philip.

According to a communique issued yesterday at the end of the "extensive and indepth" session of planning and discussion, the retreat was part of an ongoing process of preparation for the next general election.

It saw Leader of the Opposition Errol Barrow, and his team of nominated candidates, parliamentarians and their key advisers, huddling together to discuss such topics as:

- the decline in the tourist industry and manufacturing,
- The proposed National Health Service,
- the role of women in the development process,
- human rights abuses,
- education and culture,
- agriculture and energy, and
- youth and community development.

"The urgency and intensity with which the

Democratic Labour Party is preparing itself for assuming the reins of Government is directly related to the widely experienced frustrations, anxieties and afflictions under which the population of this country is presently suffering," the statement said.

It added that out of the retreat, the party was able further to crystallise its thinking on a number of important policy issues.

Last weekend's working session, following the one held at Codrington College over the last weekend of July, was but another event in the party's current programming of preparation and planning, which it said is now being intensified.

The DLP said the team focused directly on the many economic, moral and social crises now afflicting Barbadians at all levels.

It added party members brought their minds to bear on the "urgent task" of innovating, upgrading and redefining strategies for the country's development under a new DLP Administration.

### Jobs Plan

Bridgetown DAILY NATION in English 8 Oct 85 p 1

[Text]

PROPOSALS for putting the economy on its feet were discussed by the Opposition Democratic Labour Party (DLP) at its weekend retreat.

Former Prime Minister, Errol Barrow said the DLP was looking at employment in terms of production, and not in terms of a statistical reduction in the numbers of unemployed. The DLP was looking at what Barbados could be producing in terms of markets, and what the people would be capable of producing, he said.

Mr. Barrow declared, "Employment which does not

produce anything is meaningless," and he went on, "We do not think there has been a serious attempt in any Caribbean country at restructuring the economy."

The DLP was thinking of making use of the resources available in a realistic way, Mr. Barrow said. He said Caribbean governments were always "looking at outside models" and this was the "great mistake" made in Grenada.

He said there was to be a serious restructuring of the whole system of land tenure and of the plantation economy.

As for the drug problem, the Opposition Leader said there was no way one could make it an election issue. However, drugs was one of the "critical issues" discussed by the DLP.

He said that when elected, his Government would try to enact legislation to try to discourage people from becoming involved with dangerous or prohibited drugs.

Mr. Barrow said that too many people were "looking the other way" when drugs were involved. And he was of the opinion that this was because people in high places were involved.

"These people," Mr. Barrow said, "will have to be removed."

Mr. Barrow referred to "a cocaine factory" which he said used to exist on the East Coast Road. He said someone had been charged and brought before the District "E" Magistrates' Court. That matter, Mr. Barrow said, involved about \$2 million worth of cocaine. The person charged was placed on \$10 000 bail and had not been seen since, he said.

People who know about these activities, he said, should report the matters; and that the Press knew about this case, but published no reports on it.

### Criticism of Voter Registration

Bridgetown DAILY NATION in English 8 Oct 85 p 1

[Text]

ACCORDING to Opposition Leader, Errol Barrow, many people eligible to vote are being left off the voters' list.

Some who should not be on are even making it, he says.

Mr. Barrow said at the Crane yesterday, he knew of an instance when tourists wound up on the voters' list.

"The Dems therefore feel that it's in their own best interest to do voluntarily the job that the Barbados Labour Party (BLP) is being paid to do."

He said that he himself had never been enumerated and had written a letter to the Supervisor of Elections, Dennis Smith, and had been discussing the matter for the last few days. He said he had gone to see Mr. Smith personally.

Mr. Barrow said the enumerators were handpicked and told where to go and that they were by-passing certain houses.

"My representative in Christ Church is aware that I have not

been enumerated and our candidates are supposed to do some footwork," he stated. He added that they would not do a sample survey as he believed the enumerators were doing, but would do a total census of the population of Barbados. His party was actually doing this, in their house-to-house campaign, he added.

He said that his comments on this issue could be taken as a warning to the BLP not to fiddle with the voters' list.

### Party Statement

Bridgetown BARBADOS ADVOCATE in English 9 Oct 85 p 13

[Text]

The Democratic Labour Party (DLP) went into retreat last weekend to examine a number of critical issues facing Barbados.

The retreat at the Crane Hotel, St. Philip involved the DLP's team of nominated candidates, Parliamentarians and their key advisors.

This was the second such session held by the party recently, and forms part of the party's current programme of preparation and planning for the next general election.

The first retreat was held during the last weekend of July.

DLP vice president, Mr. Keith Simmons, chaired last week's session which focussed on "the many economic, moral and social crises presently afflicting Barbadians at all levels of society."

The DLP team also looked at what they considered to be the urgent task of innovating, upgrading and redefining strategies for this country's development under a new DLP administration.

A statement from the DLP said: A substantial number of the critical issues facing our nation were specifically addressed. These included the problems of unemployment and illegal drugs; the decline in the tourist industry and manufacturing; the proposed National Health Service; the role of women in the development processes; human rights; education and culture; agriculture and energy; and youth and community development."

The statement added: "...The urgency and intensity with which the Democratic Labour Party is preparing itself for assuming the reins of government are directly related to the widely experienced frustrations, anxieties and afflictions under which the population of this country is presently suffering."

During the three-day retreat, the party said, valuable contributions to the team's discussions were made by a variety of resource personnel and experts.

BARBADOS

## ST JOHN ASSESSES SUCCESS OF RECENT GOVERNMENT PROGRAMS

Bridgetown SUNDAY SUN in English 29 Sep 85 p 1

[Article by Tony Vanterpool, SUNDAY SUN editor]

[Text]

**BARBADOS' public finance situation for the first five months of this year has been termed "very good" by Prime Minister Bernard St. John, who predicted that the construction industry programme would increase considerably by Christmas.**

Mr. St. John said: "Our revenue collection has increased and our expenditure has been kept in check."

The Prime Minister added: "In the last Budget, we spoke of the need to ensure that we improve our revenue collection. I am very happy to see that the measures that we have taken in relation to customs and in relation to inland revenue and in other areas, have brought positive results."

But, explained the Prime Minister: "There is still greater scope for improvement and I firmly believe that over the course of the year that will occur."

Of the public investment programme, Mr. St. John observed: "Although we have had some deferrals of the date of starting of some projects, this has been because of the fact that these projects are being financed by overseas agencies and you have to fulfil the requirements of those agencies before you can start. To some extent, that has slowed down the construction programme of Government."

### **Last quarter of starts**

He added, however: "I am happy to say that a large number of these will be coming into operation in the last quarter of this year."

"What is more, some of our programmes — programmes that we have introduced and that I, in particular, since I have been Minister of Finance have introduced — have started."

Asked to name some of these projects, Mr. St. John mentioned the tenantry road programme to complement the Tenantry Freehold Purchase Act. "That got \$7 million for the construction of roads, partly to be dealt with by the private sector and partly by the Government. Everything is ready for that to get started. All of the contractors have got a piece of that."

Among other projects, he mentioned the development along the Careenage; the roundabouts; Phase 2 of the Fairchild Street Bus Stand; the Speightstown Bus Stand and added: "In the last month, a considerable amount of construction has been started in the Government sector."

He added: "In the Budget, we said that we would have a programme of Government expenditure, complemented by the private sector efforts; but that we, in the Government sector, would not compete with the private sector for capital. We would allow the private sector to have capital to do their programmes, because we did not want to have a situation in which we were accused of expending money and that we were preventing the private sector from having access to funding."

The Prime Minister listed a number of private sector projects and said: "There is a lot of construction that has been approved and will be started and will help together with the Government's housing programme and the Government's well-known public sector programme, to increase the construction industry to a great extent by Christmas."

The Prime Minister concluded: "We are not talking about a pipe dream; we are talking about things that have actually started. You can go and see them and they will increase."

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CSO: 3298/087

BARBADOS

BANK CHIEF REVIEWS SHORT-TERM ECONOMIC PROSPECTS

Bridgetown SUNDAY SUN in English 22 Sep 85 p 11

[Text]

THE BARBADOS CENTRAL BANK has predicted a .3 percent growth in the economy by year end, over the current rate of one percent.

This word has come from the bank's Governor, Dr. Courtney Blackman.

He said the tourism sector was expected to lead the economy and hoteliers were hopeful of another strong winter season after a disastrous summer.

"Government's public works programme and the thrust in housing should raise output in the construction sector," he continued.

Dr. Blackman felt that there should be some improvement in 1986, and real output was projected to increase by 2.7 percent, because of a good winter season and an upturn in construction.

He also predicted that manufacturers should begin to reap the benefits of the thrust to

the retail shops had shed so much labour. He added that the sharp increase in nominal wages had been exacerbated by the appreciation of the Barbados dollar against other currencies.

"As a result, Barbados has become a high cost producer, in relation to many of the countries with whom we compete for the tourist dollar and new foreign investment. It is not surprising therefore that the IDC (Industrial Development Corporation) is finding it increasingly difficult to attract new business to the island and that the Barbados tourist industry has performed so poorly in Europe," he said.

According to Dr. Blackman, crash programmes to put people into work would have devastating effects on our economy and it was time to recognise that jobs depended on the existence of profitable firms.

/9365

CSO: 3298/088



BARBADOS

TOTAL NATIONAL DEBT ESTIMATED AT \$942 MILLION

Bridgetown SUNDAY SUN in English 22 Sep 85 p 11

[Text]

GOVERNOR of the Central Bank of Barbados, Dr. Courtney Blackman, has estimated this country's total debt at \$942 million at the end of March this year.

Addressing the regular monthly meeting of the Life Underwriters Association (LUAB) on Friday, Dr. Blackman said this amounted to a modest \$3 768 in external debt for each citizen of Barbados.

However, he gave the assurance that Barbados, with 253 000 people, was well within its limits because economic analysis showed the external debt of the central government at the end of 1984 was 23.7 percent of the Gross Domestic Product (GDP) and the debt service ratio was 5.7 percent.

"If we add the statutory corporations, the ratios rise to 27.3 percent, and 6.7 percent respectively. Including the private sector debt with Government guarantee brings them to 36.7 percent and 8.8 percent respectively; adding the private sector debt for which there is no Government guarantee raises them to 45.4 percent and 13 percent respectively," he said.

Dr. Blackman explained that the public debt was divided into domestic and external debt, but the latter was the cause of greatest concern since there was no possibility of defaulting on the former.

"At the end of March 1985, the external debt stood at \$762 million, made up of \$402 million in central government debt, in addition to \$97.6 million in borrowings from the IMF (International Monetary Fund) and \$14.8 million from the Venezuela Investment Fund held on the books of the Central Bank," Dr. Blackman said.

He said this also included \$166 million in borrowings by public sector corporations, \$29.1 million in government guaranteed private sector debt and \$52.6 million in borrowings by the Central Bank.

In addition, the private sector owed another \$180 million, which was not guaranteed by the Government but for which the

Central Bank had to find the foreign exchange needed for servicing.

Dr. Blackman said that the Government's debt was concentrated in the international lending agencies and foreign governments, noting that these loans carried relatively low interest rates and sometimes long maturities and grace periods.

"Over the next three years, we will face a bunching of our debt repayments. This can be dealt with by borrowing once we maintain these economic policies which enhance our credit rating, our market access and our international competitiveness," he said.

Noting that Barbados' credit rating has improved every year since 1983 and that the oversubscription of the London loan of US\$25 million demonstrated Barbados' acceptance in financial markets, Dr. Blackman promised that Barbados would not lose its record of having never defaulted on a foreign debt.

BARBADOS

RESOLUTION APPROVED AT BWU'S 44TH ANNUAL MEETING

Bridgetown SUNDAY ADVOCATE in English 22 Sep 85 p 2

[Weekly paid advertisement: "The Union Speaks: Annual Conference Approves Important Resolution"]

[Text]

The 44th Annual Delegates' Conference of the Barbados Workers' Union passed, among other resolutions, the following:

"WHEREAS two-year agreements became the practice in collective bargaining as a result of the oil crisis and escalating annual inflation rates in the mid and late 1970's

AND WHEREAS there has been a tendency in recent times for moderate increases in the rate of inflation

AND WHEREAS the time is appropriate to examine seriously the time span of the collective agreement

AND RECOGNISING that the duration of the collective agreement can have a significant impact on planning for the costing and administration of a business, as well as for budgeting on the part of wage earners

AND WHEREAS in times of relatively low inflation rates and economic recession, longer time spans for collective agreements can

act as a stabilising influence on the economic environment

BE IT RESOLVED that this 44th Annual Delegates' Conference of the Barbados Workers' Union

EXPLORES, through discussion with employers, the feasibility of extending the time period of collective agreements, as appropriate to the particular businesses, and the interest of the workers, with a view to stimulating a more productive economic and industrial climate."

The last paragraph of this resolution sets out very clearly what the Union proposes to do in relation to discussions about the time span of collective agreements that we intend to negotiate through collective bargaining. This resolution does not set out any specific time span because there is a wide range of persons engaged in the employment sector, covering a variety of areas of employment. All of the agreements are not going to expire at the same time, but we are aware that it

would be useful to discuss with the employers' representatives, the reasons for this proposal, in the same way we discussed the changes in 1974.

Three-year agreements were the norm in 1974, but then there was a sudden rise in oil prices which escalated the inflation rates to astronomical heights. We stated then that it was impossible for the Union to have agreements that would be for as long as three years. We were not afraid at that time to put forward our views about the inflationary position and we stated quite openly that we could no longer apply three-year agreements to the proposals with which we were dealing.

It is true that sometimes when we are passing through a crisis people are more willing to react than when it appears that the crisis is over. We have said on many occasions that Barbados is a crisis community. We, in the trade union movement, do not wait until a crisis arises, to negotiate. We negotiate daily, so we understand the mechanics of negotiations

and we are aware of what we have to do. We do not think that, over the years, we have shown an inability to negotiate on behalf of the workers. We have exercised an understanding and commonsense, that can face the test of time, in all of the issues with which we have had to deal.

We need not remind this community that it was the same trade union in 1963 that faced a crisis in the sugar industry when we introduced a proposal to buttress the workers' savings following the so-called "Windfall" which came out of our negotiations in that period. We can well remember the actions of our opponents and what happened as a result of those actions. We do not think that the sugar workers or the sugar industry are better off today. Our proposal was rejected but we are aware that the workers would have had a substantial fund to their credit to buttress their position in times like the present, had this proposal been accepted.

We are not alarmed, therefore, at any suggestion that our proposal means something that it does not state. What we do say is, we are concerned about the rate at which some of the workers have been losing their jobs, and we are willing to make suggestions that will halt this down-turn in employment and give the workers a better opportunity to earn a livelihood and make a worthwhile contribution to the society in which they live.

We are aware that many of the benefits that the workers now get, in the form of social benefits, are as a result of representation by the Union. We were at the front door demanding these from the beginning: Unemployment Benefits, Severance Pay,

Holidays with Pay. We have been demanding all of these social benefits for the workers for over 30 years. When these were implemented, they benefited the general labour force; however, their existence cannot be seen as a substitute for employment.

The role of a trade union extends far beyond getting more money for workers. We challenge all of those who make these wild and vapid statements about the Union, in any form, because they do not sit down with the Union to discuss these matters either for or against the Union to know what are the Union's views about these matters. We challenge them to say what are the Union's views about unemployment and the consequences of unemployment. We can roll back the pages of history and show what has been written by the Union about unemployment and it will provide excellent testimony to our stand on this question.

We are prepared, however, to live in the present and adopt an approach based on an understanding of the issues that confront us and not run away from current issues and bury our heads in the sands of times past. We do not wish to cast aspersions on those who are responsible for some of the unemployment, but we are shocked at the loss of some of our businesses because of outright inefficiency, and, in some areas, what we can regard as open rascality practised by some of those who presided over the destinies of the companies.

We are shocked that, in some of these areas, an inquiry was not sought by the directors in instances where businesses collapsed in the manner they did and where some persons have been

allowed to go without an investigation into the operations of the company. We are aware of the serious losses to some of the persons whose investments and incomes have been shattered, as a result of these collapses.

We often hear strong statements being made against the trade unions for demanding wages for the workers. Workers have to work in order to demand wages. We do not demand wages for workers who do not work. What we shall not demand for workers is to enter any area of corruption and mal-practice and believe that the trade union will act as a cover. It is time that we begin to uncover the lids of some of these areas of business misconduct and not allow these things to be swept under the carpet, and believe you can point a finger only at some institutions which can be made to appear as scapegoats.

The Union's proposal is one designed to face the realities of our time. We are aware that the unemployment figures are high, especially among a very important

sector of the community — the young members of our population. We are conscious of what is likely to take place in the next five years, as many of our graduates from the university are likely to be among the job seekers. This challenging situation cannot be looked upon lightly in a community such as ours, and our organisation cannot pretend that we do not have a problem to look after urgently and without fear.

This problem is a priority. We have to treat it as a number one problem irrespective of who might think otherwise. We have to deal with it first and clear the way for settling our other problems, before we get serious economic and social dislocation.

We do not think that our resolution leaves any room for doubt among the most meticulous element in the community. Those who can read, let them read and let them criticise. We remain steadfast to the truth and wisdom of what has been stated and will abide by the decision of the Conference.

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CSO: 3298/088

BARBADOS

WORKERS UNION TO NEGOTIATE FOR 30,000 WORKERS IN 1986

Bridgetown BARBADOS ADVOCATE in English 20 Sep 85 p 2

[Text]

The Barbados Workers' Union will be negotiating collective agreements on behalf of more than 30 000 workers next year.

Mr. Robert Morris, Deputy General Secretary said yesterday the major sector will be public workers who number some 15 000. This agreement is effective April next year.

Sugar workers who number 5 000 are also due for wage increases next year along with the 5 000 workers in the hotel and restaurant industry.

Mr. Morris said that the other large category of workers whose agreements will be negotiated next year are those employed with supermarkets. A number of agreements are involved in this category which represents some 2 000 workers.

Agreements will also be negotiated on behalf of workers in the garment industry, garage businesses, oil companies, quarrying, road construction and building sectors.

All these sectors presently have two year agreements. At the 44th annual delegates conference of the BWU last month, General Secretary Frank Walcott

said the union was proposing that the life span of collective agreements be extended in an attempt to curb unemployment.

In a resolution which was passed by the conference, the BWU submitted that "in times of relatively low inflation rates and economic recession, longer time spans for collective agreements can act as a stabilising influence on the economic environment."

It said that it intended discussing with employers the feasibility of extending the time period of collective agreements, as appropriate to the particular businesses and the interest of the workers, with a view to stimulating a more productive economic and industrial climate.

A copy of the resolution has since been sent to the Barbados Employers Confederation which has responded, welcoming the initiative.

BEC president Mr. Chris St. John said yesterday: "We welcome anything which will bring about affordable and realistic wage settlements. The name of the game is job preservation and any initiative from either side is welcomed."



BARBADOS

DISARRAY IN PETROLEUM SECTOR AS SHAKEUP HITS LEADERS

Call for BNOC Resignations

Bridgetown BARBADOS ADVOCATE in English 3 Oct 85 p 1

[Text]

More trouble appears to be brewing at the problem-plagued Barbados National Oil Company (BNOC).

The members of the BNOC Board have been given until next Monday to submit their resignations to the secretary of the National Petroleum Corporation (NPC).

The NPC and the government of Barbados are the major shareholders in the BNOC.

The Board was appointed last February, replacing a previous one when the BNOC was under the Ministry of Finance and Planning. Minister responsible for energy at that time was Senator Clyde Griffith. The BNOC is now under the aegis of the Ministry of Agriculture and Natural Resources headed by Dr. Richard Cheltenham.

It is understood that the call for the resignation came after a Board meeting last Monday of the NPC Board at which the minister gave an address.

[In an adjacent story, the paper reports: "The following persons are members of the board of the Barbados National Oil Company,

asked to resign by next Monday:  
Mr Collis Blackman (chairman);  
Mr Mike St. Clair; Mr Charlie Griffith; Mr Grantley Haynes; Mr DaCosta Payne; Mr Gordon Jordan; Mrs Phyllis Roett; Mr Ian Bishop.

"Mr Richard Williams recently resigned because of pressure of business. Mr Carl Hinkson had been nominated by the Ministry of Finance but with BNOC moving from under the Ministry of Finance to Agriculture and Natural Resources, he had resigned. He had not been replaced by a nominee from the Ministry of Agriculture and Natural Resources."

"When asked what he intended to do, Mr. Blackman said "nothing."

He further explained that he did not intend to hand in his resignation, adding "if they want me to go, they know what to do."

Asked to give any reason as to why such action was being taken, Mr. Blackman said he had no official communication from any of the shareholders about any problems.

He admitted, however, that he had heard rumours that a shake-up was on the way.

### Alleged 'Conflict'

Bridgetown BARBADOS ADVOCATE in English 4 Oct 85 p 1

[Text]

The Barbados Minister of Agriculture and Natural Resources Dr. Richard Cheltenham, said yesterday that the Board of the Barbados National Oil Company (BNOC) were being asked to resign because of "persistent conflict" between management and workers.

Dr. Cheltenham remarks came after it was learnt that the entire board was asked to submit their resignation by next Monday to the Secretary of the Natural Petroleum Corporation, which is the major shareholder of the BNOC. The other shareholder is the Barbados Government.

When contacted yesterday, about Dr. Cheltenham's remarks as to why the Board was being asked to resign, the chairman of the BNOC, Mr. Collis Blackman, categorically denied that there was any "persistent conflict" between

management and the Board.

He challenged the Minister to provide evidence of any such conflict. Mr. Blackman reiterated that he had on more than one occasion offered his resignation to Dr. Cheltenham and this has been refused.

He added, "I find it difficult to understand in the light of this refusal how it can now be said that my resignation and that of my colleagues, are desired because of 'persistent conflict'."

"In my case the opportunity has been given ever since for resignation, but as I said it was never accepted. If there was conflict, I believe the offer made by me would have been welcomed long ago.

"The only conflict I know of is that which exists in the mind of the minister. The minister has never ever told the Board or me, of the 'persistent conflict'."

### Dismissal of NPC Chief

Bridgetown BARBADOS ADVOCATE in English 5 Oct 85 p 1

[Text]

The Chairman of the National Petroleum Corporation (NPC), Mr. Vernon Williams, has been dismissed.

This was confirmed last night by Minister of Natural Resources Dr. Richard "Johnny" Cheltenham, who indicated that he had no comment to make on the matter.

Mr. Williams' dismissal comes close on that of the chairman and members of the Board of the

Barbados National Oil Company earlier this week.

However, Dr. Cheltenham stated last night that only Mr. Williams has been dismissed from the board of the NPC.

Mr. Williams, a Chartered Secretary by profession, was first appointed to the old Natural Gas Board in December 1978.

The NPC and the Barbados Government

are the major shareholders in the Barbados National Oil Company.

When asked why he thinks he was dismissed, Mr. Williams said that "it was all wrapped up with the dismissal of the members of the board of B.N.O.C. Ltd."

He added, "As chairman, I abstained from voting on the resolution to ask the members of that board to submit their resignations."

He added, however, that he believes that the minister had a more fundamental problem than is being revealed but he was heartened by the fact that his first appointment and that which followed were made by two other gentlemen for whom he had the very

highest regard: the present Prime Minister, Mr. Bernard St. John, and the late Prime Minister, Tom Adams, respectively.

"So, there is no great conflict in my mind at being dismissed by the incumbent minister," Mr. Williams said.

"When a board fails to carry out the policy of the company, that is the time to dismiss them," he said, "but this is yet to be proven about the present BNOC Board."

Mr. Williams said he will be willing to serve on the same National Petroleum Corporation's Board if called upon by any future minister, since there is still some contribution that he can make.

#### Blackman's Stand

[Editorial Report] In a lengthy frontpage article updating the BNOC situation on 10 October 1985, the BARBADOS ADVOCATE reports that Minister of Natural Resources Cheltenham "wants the BNOC to hold an extraordinary general meeting to remove any director who has not submitted his resignation, and appoint a new board."

The article notes that BNOC Chairman Blackman continues to deny BNOC responsibility "for the crisis" it "now faces," and reiterates his refusal to resign from the BNOC Board, as is also the case with other board members.

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CSO: 3298/089

BARBADOS

GOVERNMENT REPORTS RISE IN CRUDE OIL, NATURAL GAS OUTPUT

Bridgetown SUNDAY ADVOCATE in English 6 Oct 85 p 1

[Text]

Government is anticipating a record level of crude oil production this year.

Energy Minister Dr. Richard (Johnny) Cheltenham, in a message to mark the opening of National Energy Awareness Week today, said that domestic crude oil and natural gas output had increased substantially.

Some 337 000 barrels of crude oil have been produced for the first half of this year and last year, Barbados produced 635 000 barrels or 51.9 per cent of its total requirements, the Minister said.

He outlined Government's strategy to reduce Barbados' dependence on foreign exchange sources and to save on foreign exchange. He said the basic elements of this strategy were the expansion of domestic oil and natural gas production; the development of alternative energy resources; and the implementation of energy conservation measures.

In the area of alternative energy, he said work was in progress for the establishment of a pilot plan to determine the full potential of generating electricity from the wind resource and transferring it into the national grid.

A study is also being conducted on the feasibility of establishing a plant for converting garbage into electrical energy and feeding it into the national grid, he said. Dr. Cheltenham said that great strides had also been made in the utilisation of solar energy for water heating.

The Minister said: "Our concern for increasing the indigenous supply of energy is evident. But I want to emphasise that we are equally concerned about ensuring that the energy we have at our disposal is used wisely and as efficiently as possible."

Preliminary estimates of Government's energy conservation programme had indicated positive results in both the public and private sectors, he said.

Dr. Cheltenham however warned: "The current stability in the international oil market and our achievements to date in enlargening our domestic energy output should not lull us into complacency."

He said Barbados must continue to expand its crude oil and natural gas supply, it must continue to search for alternative sources of energy and all possible steps must be taken towards achieving efficiency in the use of energy.

He said: "This is the challenge we face. We must use energy wisely. It is our national duty."

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BARBADOS

ST JOHN CALLS FOR SEARCH OF EVERY CONTAINER ENTERING PORTS

Warning to Smugglers

Bridgetown DAILY NATION in English 2 Oct 85 p 1

[Text]

**PRIME MINISTER BERNARD ST. JOHN** yesterday issued a stern warning to drug pushers and other evaders of duties and taxes, that Government intended to search every container entering the country through the air and sea ports.

He told the House of Assembly that there had been a great deal of improvement at the Customs Department and Government took some pride in improving the law enforcement there and was moving next into the Inland Revenue Department.

However, the Prime Minister said there was a band of vagabonds in the Caribbean which was trying to subvert the young people as recent events (which he did not specify) would substantiate, and the airport and seaport were the key target areas.

"All those who feel that they are above the law will know and understand that the arm of the law is long enough and strong enough to reach them", he declared.

He said this included those who evaded stamp duty, and consumption taxes, and the drug dealers.

They should understand, he added, that nobody in Barbados was above the law and all their talk about the machinery of this Government would not affect the enforcement of the law.

The Prime Minister's tough comments were made as he introduced a bill to amend the Stamp Duty Act, which gives effect to proposals made in last May's Budget Speech. The amendment would permit, subject to certain conditions, the granting of a rebate of stamp duty on imported goods that are to be sold to tourist free of taxes and duties.

Mr. St. John was speaking against a background of increasing concern over the illicit

drug trade in which Barbados is being used as one of the transshipment points in the region.

Customs authorities say that up to the end of August they had confiscated \$1 million worth of cocaine and marijuana at the two ports, and last weekend in an operation with the Coast Guard an estimated \$100 000 worth of illegal goods were seized from a Barbados-registered vessel.

The Prime Minister said a total revision was being carried out of the machinery to monitor imports, and it was hoped to have the Customs fully computerised. Government, he added, had already increased the staff there and was currently working with consultants on stepping up the department's efficiency.

Nonetheless, in spite of these efforts, he added, there were a few obstructionists in the Customs Department, who did not want reform, but these would be dealt with by the Public Services Commission.

Mr. St. John promised that the reforms would be implemented in such a way as to allow the availability of timely and up-to-date information.

Giving his reply during debate on the bill to amend the Stamp Duty Act last night, Mr. St. John said it was not the intention of Government to interfere with the cash flow of the manufacturer, but added: "Unless you have the records of these people, how are you going to get at the bond."

Mr. St. John recalled "people had to pay two taxes in one year. I remember when the Hon. Member for St. John (Mr. Errol Barrow, the then Prime Minister) introduced in 1975 two sets of taxes — an anticipatory tax."

He said now that his Government had had factual experiences of certain manufacturers they could move on.

"It is difficult to keep track of all those people who claim they are manufacturers," but added that in respect of those people who had gained the respect of the Customs Department, they would have no problems.

"But I am not handling those who have no proper books. They will have to fight me in Christ Church or anywhere else," said the Prime Minister.

Union Criticism of Proposal

Bridgetown BARBADOS ADVOCATE in English 4 Oct 85 p 1

[Text]

Government's recent declaration that every container passing through the airport and seaport should be searched, has been dismissed by the National Union of Public Workers (NUPW), as "rubbish".

The Union charged yesterday in a statement that Government "has presided over the run down of the Customs Department." It said the department was understaffed despite a few temporary appointments having been made over the last year and a half and more than 90 workers at the department were classified as temporary.

The NUPW said it has repeatedly extended invitations to Government to enter discussions on how the department could function more effectively.

"The NUPW wonders, given the staff shortage and the low morale prevailing at the Customs Department, how the promise (to search containers) can be fulfilled," the Union said in a statement.

The statement charged that the rundown occurred simultaneously with the imposition of the Stamp Duty and increased use of containers.

More officers are required to visit importers' premises to clear goods, yet the staff, except for a few additions, instituted on a temporary and apparently ad hoc basis, has not been increased" the NUPW said.

The Union said it has been estimated that more than \$5 million in fees and duty were still outstanding for the last year alone.

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BARBADOS

GOVERNMENT FORMS HIGH-LEVEL TASK FORCE TO FIGHT DRUGS

FL241535 Bridgetown CANA in English 1522 GMT 24 Oct 85

[Article by Reudon Eversley]

[Text] Bridgetown, Oct 24--Barbados Prime Minister Bernard St John last night announced the establishment of a very high-level task force incorporating all the island's law enforcement agencies to combat a worsening drug problem here.

Speaking at an airport news conference on his return from the Commonwealth summit in the Bahamas, St John also alluded to increased collaboration between Barbados and other Caribbean states to confront the problem at the regional level. He made the disclosures whilst talking about the reception Commonwealth leaders gave to a specially commissioned report on the security and economic needs of small island states.

As a result of the study, he said...everybody is now becoming sensitized to the special security and economic needs of small states and particularly in the context of the Caribbean...of the threat to the integrity of governments...democracy and potential for subversion arising out of the drug traffic.

St John declined to go into details about the makeup of the task force, except to say that more resources have been put into it. A great effort is being made. The details will come to light in due course, he said.

He said the present strategy by regional governments for combating the drug problem focused on two fronts--law enforcement and rehabilitation and moral persuasion.

Caribbean states, lying between the major drug-producing regions of South America and the major consumer market in North America, have become caught up in the drug trafficking business.

Hailing the small island states' report as a wonderful piece of work, St John said the Caribbean welcomed the section dealing with the peculiar needs of small states for help to become sophisticated in dealing with this question of drugs. ...We were surprised to find out that the small states were only elaborating a problem that the big states have too, and the British

Government and others were very adamant and strong on the need for international cooperation to fight this nefarious menace...., he added.

The report, compiled by a committee that included Bahamas Chief Justice Telford Georges and ex-Barbados attorney-general Henry Forde, was commissioned 2 years ago in the wake of the U.S.-led invasion of Grenada, which came in for much criticism from Commonwealth leaders.

St John, referring to moves by one Commonwealth state, to execute drug offenders, said Barbados would not pursue that line but I would expect that a lot of work is being done in trying to go further than where the existing laws are.

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CSO: 3298/090



BARBADOS

BRIEFS

DECLINE IN TOURISM--Barbados yesterday reported a 5.9 percent decline in tourist arrivals in August, the fifth consecutive monthly drop. Arrivals for January to August are running at a mere one percent above last year's comparative period, according to official figures, CANA reported. A 10 percent first quarter rise had led local officials to predict a record year, but this could only be achieved with a significant improvement in the remaining months. An indication of the industry's plight was seen with the announcement yesterday that the Hilton Hotel had laid off 24 workers because of poor summer business. On Friday, Barbados' Minister of Tourism, Mr Aaron Truss predicted that a record number of visitors will come to the island by year-end. Mr Truss said that all indications are that the forthcoming winter season will be a good one. The Ministry of Tourism said that in August, 31,272 visited Barbados compared with 33,244 for the same month last year, while for the period January to August, the number of holidaymakers stood at 251,637, as against 251,302 for the same period in 1984. [Excerpt] [Bridgetown SUNDAY ADVOCATE in English 6 Oct 85 p 1]

SUGAR BONUS--The company which manages Barbados Sugar Industry has denied a WEEKEND NATION report that the country will earn \$12 million more than projected this year. The WEEKEND NATION had said the additional revenue was due to a decision by Tate and Lyle, the British sugar refiners, to absorb an extra 15,000 tonnes of sugar this year. The Barbados Sugar Industry, Ltd., said that the "true picture" was that the British refiners had agreed to take approximately 54,000 tonnes raw value out of the 1985 sugar production. "This figure is equal to our EEC quota, and to suggest that this event constituted a bonus for the industry is obviously a misunderstanding of the situation, it stated. [Text] [Bridgetown SUNDAY ADVOCATE in English 8 Oct 85 p 1]

AIR, TRADE PACTS WITH CANADA--Bridgetown, Oct 24--Prime Minister Bernard St John says a new bilateral air services agreement between Barbados and Canada, and the Canadian Government's proposed one-way free trade plan for Caribbean states, offer promise of bolstering the national economy. The air treaty, signed by St John and Canadian Prime Minister Brian Mulroney in Nassau, provides Barbados with three points of entry into Canada--Montreal, Toronto, and Calgary, a city in the Western state of Alberta. Among its features are fifth freedom rights, allowing the Barbados-designated airline to pick up passengers in a number of other regional points on the way to Canada, and rights to unite the Montreal and Calgary destinations with certain others in

the United States. Of the Caribbean trade proposal, which Mulroney also announced during the Nassau summit, St John said that since 97 percent of the exportable products of Caribbean countries already enjoy relatively low duty conditions, the plan would benefit mainly rum, textiles, and sugar exports. [Excerpts] [Bridgetown CANA in English 1606 GMT 24 Oct 85 FL]

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BELIZE

ESQUIVEL INTERVIEWED ON VISITS ABROAD, ECONOMY

Belmopan THE NEW BELIZE in English Aug 85 pp 9-11

[Text]

**Prime Minister Manuel Esquivel this month returned from visits to the United States of America and Britain.**

**Two days before he gave his monthly press conference, he granted an exclusive interview to the Government Information Service. Chief Information Officer Norris Hall spoke with the Prime Minister on a number of issues:—**

**CIO:** *Prime Minister, while you were in London recently, you signed an agreement for British aid to the tune of £7.5 million for assistance in the fields of Natural Resources, Communication and Tourism. How will this money be spent and over what period?*

**PM:** The agreement is for the years 1985 to '89. We have put forward a list of projects the British Government will then study and decide on: which of those projects are more suitable for the use of these funds. High on the list is the extension of the Belize International Airport runway and the construction of a new terminal building. As a joint project with the CDC (Commonwealth Development Corporation) they want to consider some investment in citrus in Toledo if the areas are suitable; if it is not suitable for citrus production they will look at an alternative such as palm oil production somewhere in Toledo as well. But in any case they want to look at an agricultural project in the Toledo District.

Those are the two things at the top of their list. I would expect that that is where the funds are going presently.

**CIO:** *For the airport, are you talking about improving facilities there to accommodate the anticipated boost in tourism?*

**PM:** Tourism as well as for exports. If we are going to try to increase the level of exports then we will have to have better facilities for the type of cargo.

**CIO:** *When was this agreement negotiated?*

**PM:** It was negotiated very early in the year. A team had come out here early May from the British Ministry for Overseas Development. From then the process had been going on.

**CIO:** *Government is now ridding itself of the banana industry liability. I understand that while you were in London you sought softer terms for a debt-payment by Government to the Commonwealth Development Corporation for money they had put into the banana industry. What was the outcome of your meeting with the CDC in London?*

**PM:** We did not really go into any of the details of that but merely to talk about the industry, where it is going and to see if they are in agreement with our analysis of what is taking place. I think they are. With regard to the re-scheduling (of the debt) that is a different matter which will be dealt with directly through the Ministry of Natural Resources. The position as I understand it from the Ministry, is that the acreage is expanding and that they are very optimistic that in fact within 18 months they should have sufficient acreage and production to justify a regular ship coming into the Big Creek for a shipment of bananas. That is their projection, it is one which we hope will come true.

**CIO:** *With the selling out of the industry to private enterprises, does this imply that the Banana Control Board will be demolished?*

**PM:** No, the Board is still there in much the same way as the Citrus Board is there.

What is going over to private enterprises are the plantations. The Board will remain.

**CIO:** *Even amid charges that over the years the Banana Control Board has been guilty of mismanagement? Are you streamlining the Board?*

**PM:** There is now a new manager of the Board and, it is my understanding that the Ministry is pleased with their performance to date.

**CIO:** *Let us talk about sugar. While you were in London you met with Tate and Lyle officials and shortly after you came back you signed an agreement with Tate and Lyle. I don't know if this was the wrapping-up of the sour situation that exists between government and Tate and Lyle. Could you...?*

**PM:** Fundamentally, it was a wrapping-up. There was one point that had remained not formalised; which is what I finally straightened out in London. And because much of this agreement, of course, is designed to help Tate and Lyle out of their present difficulties, we felt that some of it should be designed to help farmers and the sugar workers out of their difficulties. So fundamentally, what was signed was what has already been known for some time and that the shares 83 percent would be turned over to a trust company on behalf of the remaining workers of BSI.

These shares would be acquired by the workers and as time goes by, from whatever dividends may be declared from profits in the company in the future. In other words, the workers will have nothing taken from their pay and certainly they will not be losing any income that they are now earning. Whatever payments are made to Tate and Lyle for the shares would come from the dividends which they would not have been entitled to anyway, as not being part owners.

If by the year 1994 some of these shares remained unpaid for, then they would be considered as a passover. That is, there will be no further payments after 1994. So that by that stage then, the workers will own about 83 percent, the government will retain the 7 percent which it has and Tate & Lyle will have 10 percent. Tate and Lyle will retain the management. It has also been agreed that for this year, this coming season, they would be allowed to import plantation white sugar. The main reason being that the Libertad Factory is where the refinery is located and so the Tower Hill factory does not have the capability of producing plantation white sugar.

We have contracted engineers from a company called Shaeffers Baton Rouge, who are in the sugar industry, to come to Belize and to look at the feasibility of

transferring the refining machinery from Libertad to Tower Hill, so that we would have had an independent assessment of what that would cost and how feasible it is to move the machinery. So that hopefully by the time the next sugar season comes around after this one, we would see that sugar being produced at Tower Hill.

**CIO:** *What is the situation with Howell Petroleum who had earlier expressed an interest to convert the Libertad factory into an ethanol plant?*

**PM:** The situation there has stalled, simply because of funds. They sought to go into a partnership with Tate and Lyle. Tate and Lyle is not interested in committing any funds. But let me get back to the sugar situation and the Tate and Lyle agreement.

Because so many workers have lost their jobs in Libertad, this was what we finally wrapped-up in London: Tate and Lyle will make 1,000 acres of land which they own in the Corozal District in the vicinity of Libertad (this is 1,000 acres of land under cane which the company had maintained) available to workers. They will be given five years to pay for them and they will be sold, depending on the quality of the land, somewhere between \$250 to \$350 per acre.

The workers who were not on salaries, the lower-paid workers, will have the first option to these lands. The higher-paid workers if they got a substantial severance pay and they were to be sold any of these lands they will be expected to pay for it outright.

We also know that the factory has said that it wants to upgrade its operations in Tower Hill to produce 80,000 tons sugar. As I see it that figure could be achieved (some people have doubts). The Orange Walk farmers and Corozal farmers who deliver to Tower Hill will continue delivering what they normally deliver. The people who would be most hurt would be the people in the northern most part of the Corozal District who are farthest away from Tower Hill factory.

To try to deal with that, I have been trying to encourage some of the people up north to form a transport company which would provide the service of transporting the cane rather than the individual farmer. I feel that there, we could achieve economies which cannot be achieved by the individual farmers. This would perhaps make it more possible for those farmers to deliver to Tower Hill.

Also, as a result of the very low prices paid at the season just passed, we find that the farmers in the two divisions are in a position where they don't have the necessary funds to start preparing their fields. We have contacted the CDC

through DFC, we are very hopeful that they will still be making about \$1 million available. However, this process necessarily takes a little while. The DFC from its own resources is going ahead and making \$400,000 available to the farmers who need this cash immediately to start preparing their fields.

**CIO:** *There was a report in INSIGHT magazine that there is a possibility that farmers in the most northern part of the country, will consider selling their cane to the Mexican sugar factory at Obregon. Do you know about this?*

**PM:** Unfortunately I don't think it is practical because the Obregon factory will not commit themselves. They have only said that if toward the end of the season they need more cane they are willing to buy it. We can't expect a farmer to plant on that kind of assurance. We would need some form of guarantee.

**CIO:** *Is Minute Maid, the subsidiary of Coca Cola Foods, still interested in establishing citrus farms in the Gallon Jug area?*

**PM:** They had promised an announcement in July. It did not come because it appears that they ran into more difficulty than anticipated in identifying just what land they had bought from the Belize Estate and Produce Company. There was also some legal questions that took a little sorting out. That was straightened out when speaking to them in Houston. They now know precisely what they had bought. The next step is for them to go to the general Board of Directors of the Coca Cola company—the parent company. We now expect an announcement soon.

**CIO:** *They have expressed an interest in establishing citrus orchards and a processing plant. But I understand that they have some reservations about the establishment of a company town.*

**PM:** So do we. We would like to see that farmers in the area will be able to sell oranges to the factory and that would work out for the two parties concerned, because if people were encouraged to plant citrus in the immediate vicinity of the Minute Maid holdings, then they would be encouraged to live there along with their families and provide the necessary labour force which would be required on the company lands and in the factory—as much as 200 people.

**CIO:** *I am not fully understanding. Are you in favour or opposed to the establishment of a company town? Apparently Minute Maid is opposed to the idea more than they have reservations.*

**PM:** I am opposed to it as well. I prefer



the concept that people will come to live in the area because they will be producing citrus for the factory.

CIO: *What came out of your audience with the Queen? I note that it was a very brief—15 minutes I think it was.*

PM: 25 minutes.

CIO: *There have been some speculations as to why you went to Buckingham Palace. Could you shed some light?*

PM: It was a courtesy. It's just that this upcoming visit is Her Majesty's first to Belize. I was in Britain as a guest of the British Government. They felt it was an opportune time for us to meet and discuss the visit of the Queen to Belize and to get some reaction from Her Majesty about how she felt about the visit. So really that was mostly what we discussed. Because I was accompanied by my wife who had just returned from Nairobi, Kenya, Her Majesty was also very interested in talking about that conference.

CIO: *So it was just a courtesy visit?*

PM: Yes.

CIO: *You knocked heads with Mrs. Thatcher. Did you speak about defence?*

PM: We did spend time with the Minister of Defence Mr. Hescot. With regard to where-do-we-go-from-here with the BDF, a team will be coming from the Ministry of Defence in Britain within a few weeks, so that we can continue those discussions and draw up a proper plan for the future role of BDF. With regard with the British defence we spoke both at the Ministry of Defence and with the Prime Minister on this. I must say that in the meetings we had not only with the Secretary of State for Defence and with other ministers and parliamentarians, there was a tremendous support for Belize. I think I felt very good and proud of Belize being as it were a showcase of something that they had left behind in the region and they felt very good about what they were contributing to the stability and democracy in the region.

The Prime Minister Mrs. Thatcher feels that way too, as it has been suggested by the Americans that perhaps Britain does not play sufficient a role in helping the United States internationally in maintaining stability or whatever. She feels that the presence of British troops in Belize helps her to say to them that they are doing their part.

I must point out that her concern with regard to the British troops here is their involvement in anti-drug campaigns. She is extremely concerned that members of the British forces may become involved in the violent confrontation with people

involved with drugs and she made it very clear she would be upset if that were to happen.

CIO: *You were speaking with conservative members of parliament. Many labour members do not share Mrs. Thatcher's view with regards to British forces being in Belize. My question is, what are the options opened to you if there were to be a change of government in Britain tomorrow?*

PM: That has been suggested (the labour position) but the people we met with represented a cross-section—liberals, social democrats, labour—if anything it would appear that it would be the extreme left of the labour party which might have the view which you suggest. Certainly the moderate wing of the Labour party seems to be in complete harmony with the view which I suggested just now. It would seem that within the Labour party itself as they prepare for the next general elections; there is some controversy as to which wing of the party will dominate. That everyone at this time seems to feel that the moderate forces will in fact prevail.

CIO: *Let us look at our economic situation as it now stands. In April of this year you spoke about the corrective measures being taken to heal the economy. Those included tighter control on the para-statal bodies such as the Belize Electricity Board, the Telephone Authority and others and improvement in the collection of taxes. Are we now on target and if so are we prepared for the visit of the International Monetary Fund in...?*

PM: Well, I have not yet received the report for the month of July. I know that we are on target, as far as the servicing of our international debts and repayments of arrears. But I have not yet seen the figures with regard to revenue so I couldn't comment on that side of it at this time.

However, I have no indication that we are off target. Once those figures are in of course, I'll be in a better position to say.

CIO: *Do you believe that we are prepared to face the IMF?*

PM: Yes!

CIO: *Of course you know, Prime Minister, that the IMF has come under heavy criticism. More recently it was reported in The Economist that there is a strong lobby directed by the President of Cuba Fidel Castro, calling on countries in Latin America to renege on their foreign debts including the debt to the IMF. What are your views on the IMF policies and are you in favour of the IMF austerity policies in the Third World?*

PM: We would need to separate the two things—that is how we react to it and then there's the facts of life. Honestly, nobody likes to be restricted the way the IMF tends to demand and very often one gets the impression that perhaps they lack a human face. I think this is what causes so much reaction to their policies.

On the other hand, I feel it is totally irresponsible of the debtor countries to suggest what they shouldn't pay what they owe. I think that kind of attitude won't get us anywhere. I could see we should press for more flexibility perhaps a little more humanity—but to try to suggest that the whole thing is unfair so we just won't pay, really that is not a responsible attitude. But on the other hand if we can live with it and then get it over with, well then the sooner we get it over with, the better. I certainly hope that we can get out of this situation within the next twelve months. If we get out of it well, so much the better for us.

You see there's a thing which people often don't recognise; people tend to think of the IMF in isolation as one body of bankers who dictate to our countries on how to run our finances. But the IMF really is an international body of bankers who, as it were represent your credit rating. In an individual sphere, as the head of a household if your credit rating be decided by someone who finds it is low then you will find that you are really in a difficult situation when you decide to do anything at all.

It is the same way about the national and international level of the IMF. If they declare that your credit rating is poor then you can't go to the USAID, you can't go to the European Development Bank, you can't go to the World Bank, you can't go anywhere. You will then be completely cut off from all source of funds. So it's not simply a question telling the IMF to go jumping in the lake. The consequence of that can be extremely serious as Guyana had found out.

CIO: *What do you expect they (the IMF) will be telling us when they come in September?*

PM: I think they will be repeating what they have said before: that we need to make sure that we keep government spending down and our debt servicing recurrent; those are the two major things that concern them.

Hopefully, by the time they come in September, according to our target plan we should be cleared of the arrears so we should be at least financially in a better position. They will be drifting at 3 things really: Keeping the government spending down, making sure that government is on target, and making sure that we are recurrent in our debt-servicing.



BELIZE

ESQUIVEL'S MESSAGE TO NATION ON INDEPENDENCE DAY

Belize City THE BELIZE TIMES in English 29 Sep 85 pp 5, 6

[Apparent text of Independence Day message given by Prime Minister Manuel Esquivel on 21 September 1985; place not specified]

[Text]

Your Excellency the Governor General, My Lords, Chief Justice and Members of the Judiciary, Members of the Cabinet, of the National Assembly, Hon. Leader of the Opposition, Members of the Diplomatic Corp., Distinguished Guests, Citizens of Belize and Friends.

Today we celebrate the fourth anniversary of the Independence of our beloved country, Belize. Today, we who are descended from many races, stand united as one people to commemorate one of the most significant constitutional events in our modern history - the attainment of Independence on September 21, 1981.

On September the tenth, we celebrated the 187th Anniversary of the Battle of St. George's Caye. We demonstrated, with suitable pageantry and merry making, our pride in the glorious deeds of our forefathers - the Baymen - who won for us the right to call this land our own. Since that day in 1798, Belize has, in the passage of time, firmly established its borders and its identity: distinct and free.

What we are today as a nation is the result of the combined efforts of the generations of Belizeans who struggled in their own times and in their own ways to ensure a better future for all of us who today inherit the right to be Belizean.

It is our duty now to be worthy of that legacy and to channel our national pride into practical efforts to make Independence work for this

generation and the generations to follow.

We must build today the structures that guarantee for Belize and Belizeans a free, prosperous, and secure future. We must build on the diversity of our Belizean cultures; we must build on the continued exercise of our democratic rights and on the respect we have shown for the outcome of elections. All those are parts of our independent reality. We must be determined to address our problems and settle our differences within the framework of our constitution. We must together seek solutions and avoid creating problems.

We must reflect the reality of Belize in our relations with the world outside our borders, consciously acknowledging that the claim of a neighbouring state to our land, a claim which made precarious the timing of our independence, is still unresolved. We must remember that we need more than ever the goodwill and the understanding of friendly nations in our search for a honourable solution to this problem which continues to threaten our viability.

The Fourth Anniversary of Belizean Independence comes at a time of economic difficulties for all of us. Most of the smaller countries in our region, and some not so small are experiencing the effects of deteriorating world economic conditions. We face a decline in both the markets and the prices offered for our primary products. Sugar is a prime example. Sugar factories are closing in the Phillipines, Trinidad, Panama, Jamaica and Belize, to name only some. The availability of external finances is limited, or tied to difficult - sometimes socially unacceptable - conditions for borrowing and repayment.

It is the duty of your Government to take responsible action to restore fiscal discipline. Today Government is involved in an exercise of structural adjustment in cooperation with the International Monetary Fund. We are looking at our economic situation with a clearer perspective in our search for realistic solutions. It is a time to set a new course for future development and economic growth. This phase of economic readjustment will pass. It is a temporary situation. But while we are going through it, we ask all Belizeans to join together as a people in a national effort of will to overcome these difficult times.

Let us not add to the economic challenge our country faces, let us not subvert the sacrifices we are making by engaging in currency speculation, smuggling and undermining public confidence, acts which strike at the heart of our economic strength.

We must realize that we are sacrificing in order to keep our dollar strong and to restore our economy to good health. It should be an easy decision for all Belizeans to work together with a national will to see that we succeed. Your Government certainly has that will, and together we can and will succeed.

The engine of economic growth is partnership between the public and private sectors of the economy. Government has therefore given its full commitment to support a strong private sector. A manifestation of this partnership between public and private sector is the establishment of the Belize Export and Investment Promotion Unit whose membership includes private business people and government officials. The Unit has been actively engaged in sending missions to various countries in an effort to attract investment in areas that are geared to assist Belize achieve economic development and provide jobs for our people. Missions have gone to the United States, to the Far East, and presently a mission of the Unit is in Western Europe.

For their part, Government Ministers have travelled to the United States, the United Kingdom, Japan, the Caribbean, and Central and South America to promote the interests of Belize's development and progress.

As a direct result, there are several areas in which investment will come on stream shortly. In the field of agriculture, agroindustry investment will be made in fruit and vegetable processing, citrus growing, production of cut flowers and edible oils, and the processing of Aloe Vera for production of cosmetics and cleaning liquids. Additional investment will also be made in shrimp farming, cattle, cocon, and in banana, in keeping with the government's intention to privatise the banana industry.

In the area of tourism, investment will be made in additional hotel accommodations and other tourist related industries. Government is undertaking the construction of a new airport terminal building and an upgrading of the airport runway.

In light industries, there are plans for processing our valuable hardwoods, data processing, production of PVC tubing, detergents and clothing, as well as a sweater manufacturing facility. Considerable energy, time and effort have been expended in putting together all this, and now we are on the threshold of a new era of investment and economic development. Our fifth year as an independent nation promises to bring us a turnaround in our economy. Belizeans working together will bring about the fulfillment of that promise!

Today we celebrate the fourth anniversary of our Independence on a united platform. Let us seize this opportunity to pledge our allegiance to our beloved homeland, and renew our commitment to our prized inheritance of parliamentary democracy and freedom. I invite you all to strengthen those bonds that unite us as a people, and so transform our political independence into an independence of mind and spirit, of national pride and national determination that Belize, one small nation, free and democratic, will survive and prosper. I invite you all to look at our independence with open eyes and minds as we set a new course in our country's history, I invite you Belizeans all-- to commemorate this solemn occasion in unity and brotherhood.

GOD BLESS US ALL! GOD BLESS BELIZE! A HAPPY  
INDEPENDENCE DAY TO ALL BELIZENS EVERYWHERE!

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CSO: 3298/092

BELIZE

PAPER SEES NEW SIGNS OF 'CORRUPTION,' PROPOSES CHANGES

Belize City AMANDALA in English 4 Oct 85 p 2

[Editorial: "Corruption Incipient"]

[Excerpts] The newspaper has recently been receiving its first fairly regular and fairly reliable reports of incipient corruption in the UDP administration.

As some of you, especially public officers, may know, during its last ten or fifteen years the PUP government became shot through and through with massive corruption, so much so that dishonesty was considered the rule rather than the exception.

The PUP was, of course, a closed administration. The press could not ask questions of the Prime Minister or his Cabinet, and all and sundry pretended nothing of the dishonest sort was ongoing. There was no public accountability.

In dealing with the UDP, the newspaper certainly has no intentions of becoming reckless. At the same time, we have a mandate from the reading, taxpaying public to report honestly and to help protect them from too powerful governments.

The new Prime Minister has been having regular press conferences, and we feel that it is at these conferences that we should present evidence and ask questions. It is to be hoped that the new Prime Minister will pursue culprits instead of covering up and stonewalling as the previous one did.

In closing, there are two points we wish to make which are perhaps only indirectly relevant.

Firstly, we expected that the new government would change House meetings from Friday to a day on which the city based newspapers could travel to Belmopan to report on these legislative matters and keep the nation updated and involved in the business of government. Instead, House meetings have remained like secret Mayan high priest ceremonies.

Secondly, we have remarked that the PUP refused to write into the Belize constitution a clause making it impermissible for one individual to be Prime Minister for more than two terms.

At no time since the UDP was elected ten months ago have we heard they have considered a constitutional amendment for a statute of limitations.

Why not?



BELIZE

PRICE'S ROLE AS LEADER OF PUP ASSESSED, QUESTIONED

Belize City THE BEACON in English 5 Oct 85 p 6

[Unsigned article: "Political Viewpoint: Is George Price Alive and Well?"]

[Text]

[It is not a burning question, but in a non-election year there is time enough to wonder of the future of the PUP.

Adherents of the party now in government will, with little difficulty, remember the days of their opposition. As devastating as defeat was, the margin was always close and defeat never meant the destruction of the party. So too with the PUP.

The bloodletting undergone by the PUP, especially after elections, has left it weak. It is hardly prophetic to say it will regain its strength. What it may never fully recover, however, is its balance. With Joe Briceno being hosted by the American penal system and Louis Sylvestre, Fred Hunter,

Mark Cuellar and others of that ilk chasing visions of a new political party the PUP rightwing is gone.

This leaves Messrs Musa, Shoman and Co. not just ascendant but dominant. The style and content of the party's organ, *The Belize Times*, fully reflects this take over. The Musa and Shoman law firm court cases are extensively reported as a matter of routine. Writings on foreign affairs, education and sports readily disclose their interests. Personality attacks reveal their anxieties.

While they now dominate the party it is with a pretence of respecting the old party leadership. There is still no popular identification with these intellectual aspirants, hence the need for the pretence. But in the ab-

sence of any signs of animation from the established leadership they lead by default.

Whether this state of affairs will continue, and for how much longer, depend on how much longer it takes PUP patriarch George Price to return to reality after the madness of electoral defeat. While Mr. Price drives around in a land rover playing Premier, as if elections never happened, Musa, Shoman & Co. run the party and seek to establish themselves.

Over many years people who were close to Mr. Price have referred to him, with reverence, as "The Old Man." Mr. Price is now 68.

If he does not soon bestir himself that sobriquet will become pure derision, an epitaph to his impotence.

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CSO: 3298/092

BELIZE

UDP ADMINISTRATION HIT FOR IMPOSING ECONOMIC HARDSHIPS

Belize City THE BELIZE TIMES in English 13 Oct 85 p 1

[Text]

The misguided taxation the UDP government imposed on the people last Friday has further increased the cost of living and caused more hardship and suffering. Farmers in general and cane farmers in particular will suffer the brunt of the increase on gasoline and diesel.

Corozal cane farmers are further victimized by the Esquivel government since they will have to travel forty miles to deliver their sugarcane to the Tower Hill sugar factory. The UDP policy will make the small farmer disappear. The big farmers will thrive and make merry of the small ones. Indeed the UDP government only serves the rich.

During the debate the government found itself on the defensive and resorted to its usual bleat - the National and International debt

which has been described as a scratch record.

Speaking from the opposition side the member for Corozal South-east Mr. Florencio Marin condemned the increase and charged that the government was inept, confused and did not have a sense of direction. In a period of only six months the government increased taxation, decreased it on aerated waters and beer in July and in October it increased it again. Such playing with taxation is unprecedented with a PNP government.

Mr. Marin further observed that the increase of wages and salaries promised to Civil Servants, the police, manual workers and the Belize Defence Force was not being fulfilled. The sensible thing to do was to increase wages and salaries to offset the escalating cost of living caused by the UDP misguided taxation.

BELIZE

PUP ORGAN DISPUTES CLAIM THAT \$20 MILLION DEBT WAS PAID

Esquivel Report

Belize City THE REPORTER in English 6 Oct 85 p 1

[Text]

Prime Minister Manuel Esquivel reported at his televised press conference earlier this week that government austerity measures had succeeded in paying off or rescheduling all of Belize's financial arrears amounting to \$20 million Belize dollars.

"As of Monday (September 30) we are not in arrears" the Prime Minister announced amid a hearty burst of applause.

At the beginning of the financial year the Prime Minister, who is also Minister of Finance, had promised that he would clear away all arrears of debt retirement accumulated under the old government by the end of September, 1985.

BELIZE TIMES Report

Belize City THE BELIZE TIMES in English 13 Oct 85 p 5

[Text]

The REPORTER of 6 th October 1985 under the caption: "Belize economy on Course" quotes the Prime Minister as saying "Government austerity measures had succeeded in paying off or re-scheduling all of Belize's financial arrears amounting to \$20 million Belize dollars."

The impression is here conveyed that the

"austerity measures" yielded a surplus from which Mr. Esquivel paid his debts. Nothing could be further from the truth. In fact if the debts have been paid why is he taxing the people even more?

Again a further impression is created that re-scheduling means that the arrears were wiped out.

All that rescheduling means is that the payment of the debts has been postponed.

It would be good if Mr. Esquivel and Harry Lawrence would tell us how much of this \$20 million was met by surplus revenue, how much by refinancing, and how much by rescheduling.

Whether it is refinancing or rescheduling

the debt remains and is not wiped out.

Anyway since Esquivel and Lawrence want to play a number game with the people let us now hear about the raise of pay the UDP promised the teachers, the nurses, the police and the civil service. The time has come for the raise. Come Mr. P.M. - Pay up or shut up!

/9365

CSO: 3298/093

BELIZE

GOVERNMENT ROLE IN LAND SALE TO U.S.-BASED GROUP QUESTIONED

Esquivel's Actions

Belize City THE BELIZE TIMES in English 6 Oct 85 pp 1, 16

[Excerpts]

Belize City

October 2, 1985

At a press conference at the Fort George Hotel on Wednesday, Prime Minister Esquivel announced that negotiations had been concluded for the purchase of 700,000 acres of land (13% of the country) in north western Belize by a group of businessmen.

Coca Cola Foods announced it will establish a citrus project on it's portion of the land.

It was revealed at the press conference that approximately 25,000 acres of citrus could be planted over the next seven years. The fruit will be shipped to Florida for processing and in 1990 a processing plant could be built if the project warrants it.

The negotiations for the purchase aroused interest in the business community of the U.S. as evident by an article in the Houston Business

Journal of Sept. 9, 1985 under the sub-heading "Houston Investors seek big slice of small Latin nation."

While most Belizeans will immediately welcome any foreign investment today due to the bad management of the new U.D.P. administration bringing our economy close to a full stop, this article is just another demonstration that even businessmen in the U.S. are wary of the uncontrollable power of a large worldwide trans-national such as Coca-Cola. More worrisome, of course, is the fact that this foreign based group will be owning outright more and better Belizean land for agriculture than any Belizean or Belizean group.

This preoccupation of course comes from the fact that companies such as Coca-cola must consider their bottom-



line profits first before considering the taxpayers. The most confusing aspect of this whole issue is Prime Minister Esquivel's firm stand on Belizean land ownership when using this argument to attempt to protect Barry M. Bowen from the Panamanian bank. In the name of saving Bowen, a Belizean, from a law suit, the U.D.P. ad-

ministration even sent the A.G.'s representative to court to intervene.

It was common knowledge that the Panamanian bank had many of these type developers just waiting to pounce on the deal along with many Belizeans. This however would have meant that Barry M. Bowen would have been left in the cold.

#### Questions of Propriety

Belize City THE BELIZE TIMES in English 13 Oct 85 p 7

[Article "Contributed by Eve": "Another Look at the Coke Deal"]

[Text]

The much heralded announcement about the big Coca cola citrus project has finally come and we are now left with no choice but to wonder why Esquivel was making such a big fuss about it for so long.

Esquivel's flights to and from the US in Texan millionaires Mischner and Howell's private jets seem to have won them carte blanche approval to do as they like with many thousands of acres of Belizean land. The press conference the P.M. held was a joke and sure enough the big boys from Coke and Texas are now laughing all the way to the bank.

Firstly, the big secret about the price which was paid for the land is the biggest heap of cow manure to be found west of the Atlantic. Anyone is entitled to inspect the records in the Registry & these foreigners should have signed documents stating how much was paid for the land. So why the big deal? Is it possible that someone has something to hide? Of course it's a well known fact that heavy weight US businessmen and executives will go to great lengths to avoid taxes.

The second thing most surprising about Esquivel's press conference was Mischner's and Howell's admission that they did not yet know what they would be doing with their 50,000 acres. It is

again common knowledge and the law that for a foreigner to own more than 10 acres of land in Belize he must have a permit from the government. The normal procedure to get such a permit is to submit a plan to Belmopan stating how the land will be used and developed. Didn't Mischner and Howell do this? Or was an exception to the rule made for these big wigs? And if a plan to develop the land was submitted why then did Esquivel sit there and allow them to lie? Well perhaps the rules of the game have changed since Mr. Lindo is now in charge of Lands. The little guys still need to submit their plans. What about the big guy? Well, our guess is as good as mine, but it appears as if though it is money that talks around here now.

One can escape the fact that although Esquivel had sang and danced a tune about this deal for so long, from what we have been told there is little Belize will get from it all.

Coca Cola will plant 25,000 acres of citrus and will employ 100 people for each 5,000 acres. That translates to a mere 500 people and no one really knows how long it will take them to plant all 25,000 acres. In addition it takes about five years before citrus trees begin to yield properly. So it's way down the road before we can expect to get our 500 jobs and Esquivel won't even be around by then. If one were to be generous and give Esquivel the benefit of the doubt then hopefully he arranged some tax on each gallon of citrus juice which Coke will produce. Or anything which will produce. Or anything which will give us more than a few jobs. These 500 jobs will not even take up the slack of the 500 who lost their jobs when Esquivel closed the sugar factory plus the many more he is firing from PWD, Medical and other government departments.

Esquivel and his Texans have left much unsaid. They must be more responsible and let us know what is really happening. After all wasn't it Esquivel who preached long and hard about open government? Well let it be open and let us know all and everything.

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CSO: 3298/093

BELIZE

PARAQUAT SPRAYING, TIES WITH U.S. SUBJECT OF DISAGREEMENT

Government Position

Belize City THE REPORTER in English 29 Sep 85 pp 1, 12

[Text] Minister for Home Affairs Mr Curl Thompson, speaking in a television interview earlier this week, said that the government has decided that it will not be using Paraquat for aerial spraying against marijuana.

This does not mean, Mr Thompson said, that there is any lessening of interest in aerial spraying. The government, he said, was now looking at the herbicide "Glythosat" which appears to be more suitable for the purpose.

"Glythosat" is a systemic herbicide which works through the root system and the leaves of broadleaf plants. It is not hazardous to handle and although it does not have the fast knockdown effect of a contact herbicide such as Paraquat, in the long-term it can become quite effective.

The decision not to use Paraquat, however, will have the effect of leaving Belize marijuana fields unsprayed for the second consecutive year, a break which marijuana growers are sure to appreciate.

Criticism of Government Stand

Belize City THE BELIZE TIMES in English 13 Oct 85 p 5

[Text]

Belize's Foreign Minister Mr. Dean Barrow chose the United Nations General Assembly forum to take on the Government of the United States over "methodology in drug eradication."

According to Mr. Dean Barrow Belize had increased its marijuana production but, he said, the new government had uprooted 80,000 plants and it had found some 7,000 pounds of processed stuff. Mr. Barrow disclosed that this was the result of "Police Military" operations.

Impartial observers in Belize immediately commented that at best those figures represented about

ten percent of the last three months production. That is, in the last three months alone more than 70,000 pounds of processed marijuana either left our borders or are still inside our borders. In the last three months alone, the lush harvest, aided by the rain, has produced over 800,000 plants.

No government, let alone a small and poor country, can hope to "eradicate" marijuana by foot patrols with its Police or military units alone.

The people of Belize, for the first time, learned of the clash between Belize and the United States. As recently as two weeks ago the Minister of Home Affairs went on the radio and television accompanied by a US expert telling Belizeans that a test in aerial spraying would take place shortly with a new chemical and after that full spraying would take place.

There can be no eradication of marijuana without aerial spraying. The United States is the major donor to Belize in its economic development program and when Belize takes on the US government at the podium of the United Nations it might well be more than Esquivel and company can deal with.

As one observant citizen remarked if Mr. Barrow had applied the same energies he displayed at the UN podium on the Coca Cola Foods lands, Belize might have been spared the misery which will attend our children's future. Coca Cola Foods makes us even more dependent on US cooperation.

The government had better stop pussy footing with the drug issue. Either it sprays in an attempt to eradicate the drug or it plods along catching the small growers only. The big dealer will certainly continue to out produce governments puny efforts. The bottom line is: "SPRAYING OR NO ECONOMIC HELP."

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CSO: 3298/094

BELIZE

BRIEFS

ACCORD WITH PANAMA--(GIS)--Belize and Panama have signed a Memorandum of Understanding regarding Commerce and Industry. Signing the agreement in Panama City was Commerce and Industry Minister Mr Eduardo Juan and his Panamanian counterpart, Mr Jose Cardenas. The Memorandum of Understanding was signed at the conclusion of a five day visit to Panama by Mr Juan. Minister Juan met with other Panamanian officials including the Deputy Minister of Commerce and Industry Mr Ramon Segistan, the Director of the Port Authority Mr Raul Brostella, the National Director of Aquaculture Dr Richard Pretto, the Officer-in-Charge of the Aquaculture Laboratory Mrs Vielka de Ruiz and Senator Alfredo Bustos. Minister Juan, who was in Panama at the invitation of that country's government, was accompanied by its ambassador to Belize Dr Anna Mora de Wakeland. [Text] [Belize City THE BEACON in English 28 Sep 85 p 7]

NEW SOLICITOR GENERAL--Acting on the advice of the Prime Minister, Mr Manuel Esquivel, Governor General Dame Minita Gordon has approved the promotion of Mr George Singh to the post of Solicitor General. Mr Singh worked his way up in the Public Service from 1955 as a second class clerk. From there Mr Singh was promoted to a first class clerk then to Assistant Assessor of the Income Tax Department. Not satisfied with this Solicitor Singh went to study law at the University of the West Indies where he received a Bachelor of Laws Degree, a certificate of Legal Education and a diploma in Public Administration. On his return from his law studies in 1968 he was appointed to the post of Chief Magistrate, the post he held until his recent promotion. Solicitor Singh succeeds Mr George Brown who is now the Acting Chief Justice. [Text] [Belize City THE BEACON in English 28 Sep 85 p 1]

ORANGE WALK UDP MEETING--Orange Walk, Sun. Sept. 29--The National Executive Committee of the ruling United Democratic Party convened here today under the Chairmanship of Mr Dean Lindo, Minister of Natural Resources. A spokesman for the party said that the UDP National Executive Committee, one of the party's most powerful bodies, is expected to meet at least once every quarter. The meeting was highlighted by reports from Cabinet Ministers on the performances of their ministries to date. The convention also tabled and passed a special resolution moved by the Caribbean Shores (Belize City) Division, calling on the party to exert all efforts to assist our Mexican brothers and sisters in every way possible; and that funds realized be committed to the official government fund. [Text] [Belize City THE BEACON in English 5 Oct 85 p 9]



INCIDENT AT PRICE'S HOME--Former Prime Minister George Price's residence in Belmopan was broken into. The house was ransacked and several articles stolen. A neighbour discovered three pans of glass louvers which were removed from a window and placed on the ground last Wednesday. The thief or thieves therefore struck between Friday night and Wednesday morning, September 6 to 11, 1985. The small bedroom house is among the smallest built in the capital. Mr Price has occupied the house since Belmopan was settled in 1970. For the past fifteen years the house was never the target of thieves. Not even while Mr Price was Premier nor while he was Prime Minister had the house been molested. People in the Belmopan believe that the breaking and entering of UDP zealots. [Text] [Belize City THE BELIZE TIMES in English 22 Sep 85 p 3]

THREAT TO KETCHIES--What was supposedly a well kept secret leaked out last month and sent shivering fear and resentment among the Ketchi Belizean community in the Toledo District. A Commission appointed by the Minister of Natural Resources and headed by Charles Wright is expected to table a report justifying the dumping of all Ketchi Belizeans into one reservation. The vacated lands are to be made available to foreigners. Already the farmers from Laguna and San Felipe are being asked to vacate. No compensation has been offered so far. Farmers have agreed to stage a demonstration to protest the action by the Minister of Natural Resources. The Ketchi Belizeans in the South are producers of basic items such as corn, beans and rice. All right thinking people should support the Ketchies from being removed from their land. [Text] [Belize City THE BELIZE TIMES in English 22 Sep 85 p 3]

NEW CANADIAN ENVOY--Belmopan, Tues. Sept. 24--Canada's new High Commissioner to Belize Mr Robert Woolham has presented his letters of introduction to Prime Minister Mr Manuel Esquivel. Mr Woolham, who was on a three day visit here, was presented to the Prime Minister by Mrs Lydia Rowland of the Ministry of Foreign Affairs. High Commissioner Woolham replaces former Canadian High Commissioner to Belize Mr David Reece. (GIS) [Text] [Belize City AMANDALA in English 27 Sep 85 p 8]

COROZAL TV SHUTDOWN--Corozal Town, Fri. Sept. 27--Corozal Town's local television station SBS-TV-2 has announced that effective September 30, 1985, the station will close down. Since 1979, the station has operated on voluntary monthly contributions from viewers in the town and surrounding areas. Owner Rudy Silva cited as reason for closing operations the fact that Corozal's economic depression has made viewers unable to contribute to the station's upkeep. The Libertad Sugar Factory, by far the largest industrial concern in this area, was closed down a few months ago, putting hundreds out of work. [Text] [Belize City AMANDALA in English 27 Sep 85 p 1]

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BERMUDA

SWAN CALLS EARLY ELECTION; POLLS INDICATE UBP VICTORY

Bridgetown WEEKEND NATION in English 11-12 Oct 85 p 13

[Text]

HAMILTON, Bermuda — Bermuda's Premier John Swan announced Wednesday he will call a general election on Tuesday October 29, although the present parliament, in which Mr. Swan's party has a large majority, has two more years to run.

The announcement ends more than three months of intense speculation about a possible early election and follows within hours the news of a major blow to the island's major industry, tourism.

The Bermuda government agreed Wednesday to guaranteed pre-paid holiday vouchers sold to American tourists by the Boston-based Haley Corporation, and Martin Empire Tours wholesale Vacation-Planning Firms. Local hotels had warned they might not redeem the vouchers following the financial failure of the wholesale booking firms.

A government spokesman said the guarantee could cost Bermuda US\$25 million and is

likely to mean cutbacks in other government projects.

Mr. Swan's United Bermuda Party (UBP) easily won the last general election in February 1983, winning 28 of the 40 seats

in the country's major legislative chamber, the House of Assembly. Since then, the opposition Progressive Labour Party (PLP) which had won the remaining 14 seats, has split,

with four of its members of parliament leading the new National Liberal Party.

Opinion polls conducted by the UBP and the PLP last month showed the UBP holding a healthy lead.

Bermuda, with a population of 56 000, 60 percent of it black, is Britain's oldest colony and has a British parliamentary system. Mr. Swan, 50, is the

island's second black premier and the first born in Bermuda. Since 1966, the UBP has never been defeated in a general election.

(AP)

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BRAZIL

# SARNEY ASKS ADVISERS TO EXERCISE DISCRETION IN COMMENTS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Sep 85 p 5

[Article by Carlos Chagas]

[Text] The "kitchen cabinet" ["grupo da copa" in Portuguese] has not lost any of its power but, by decision of President Jose Sarney, has been in a sort of "twilight" zone for several weeks--a zone of restraint. As top-level palace aides, forming a group not connected with the daily routine followed by the civilian and military cabinets and top-level SNI [National Intelligence Service] officers, all of whom also have their offices in the president's headquarters, members of the kitchen cabinet remain close to the head of government. They meet with him at all hours, in Planalto Palace or Alvorada, they make suggestions to him, they receive background information to settle disputes, they are responsible for specific cases and problems, they settle conflict situations arising in the various ministries, each in his own area of action.

But things are not as they were. Sarney has asked Luis Paulo Rosenberg, Jorge Murad, Celio Borja, Rubem Ricupero, Marcos Vilaça and the others to back off a bit. He would prefer that they not reveal so much to the press, that they avoid making statements or even giving information "off the record," although he has not forbidden them to make explanations or announcements whenever they deem it necessary. All this is in response to press comments about existence of a mini-cabinet in Planalto Palace, with broad decision-making powers. The decision is also a result of the reaction of cabinet ministers themselves.

If a date can be set for this change of position--more of form than of substance--it would be at the time that Dilson Funaro became finance minister, succeeding Francisco Dornelles. The former finance minister had to cope with policy restrictions imposed by the PMDB [Brazilian Democratic Movement Party] and by the palace entourage--the kitchen cabinet--as well, due to his orthodoxy in establishing economic and financial policy. The president himself had objected to his policies, although cautiously, not wanting to disparage his work. When Dornelles resigned and Dilson Funaro was chosen to replace him, Sarney realized that the new finance minister had to be given strong support. This resulted in his asking Luis Paulo Rosenberg to remove himself from the spotlight, which by no means implies isolation or demotion. Simply a precaution. Resulting from the need to support the minister responsible for the most acute problems, as in fact is the case of all the cabinet ministers.

Something similar happened to Celio Borja. He functions, in practice, as the president's chief adviser on legal and institutional matters. He oversees decrees, congressional bills and structural changes suggested by the cabinet ministers or Planalto Palace. He also passes judgement on the policies and suggestions of the justice minister. Nothing has changed, his work seems to be the same, but, in an apparent effort to draw attention away from those who were objecting to the kitchen cabinet, the word was leaked from the president's office itself that the former deputy would be appointed to a vacancy on the Superior Military Court. He was not appointed; he may have been asked, but refused, or he may accept later. He remains in good standing with the president.

Next May or June, or earlier, cabinet ministers who wish to be candidates in the general elections will have to resign, causing substantial changes in the cabinet. Celio Borja is in a position to move from the status of adviser to that of minister. Discreet and cautious by nature, he always tries to give the impression that he is really not doing a whole lot. He emphasizes that he is merely an adviser, without decision-making power. But his advice usually prevails when the time comes for Sarney to make a decision.

#### Family Members Less Visible

Jorge Murad continues to be in a position of influence, as an adviser to his father-in-law, but he also has receded from the spotlight in recent weeks. He comments less on current events, he makes speculative statements only rarely, he seldom invites the press and he tries to play down the existence of a kitchen cabinet. His wife, Roseane Sarney Murad, takes care of her father the president, is an efficient civil servant, but it is becoming increasingly difficult to elicit her opinions. If she expresses them--and she certainly does--it is in the privacy of the family circle.

Foreign-policy adviser Rubem Ricupero is redoubling precautions so as not to appear to be placed between the president and Itamaraty [Foreign Affairs Ministry]. He claims to be involved in only a few issues and prefers to be seen as a diplomatic adviser to the president rather than as the presidential adviser for Itamaraty. Which more or less is what he really is. He helps prepare the wording of memos to Sarney, he edits the president's international statements, remaining in constant touch with [Foreign Affairs] Minister Olavo Setubal's office, helping to choose the final wording.

In sum, it is worth repeating, the substance remains. The form appears to be changing.

It was not the president's intention that his special advisers play the same role as the cabinet ministers. It is simply that events led to it happening this way, as Sarney evolved from being Tancredo's replacement to being his successor. After all, the cabinet ministers that took office were not, and could not be, of his choosing, although by his own decision he retained them all, except for the Dornelles defection. While reasons of an operational and administrative nature required the president to have competent advisers capable of helping him make decisions, political considerations led to the immediate formation of the so-called kitchen cabinet. Sarney needed then and he needs now people of his own choosing

and whom he knows well. The chiefs of the civilian and military cabinets and the chief of the intelligence service, involved, with their aides, in routine administration, are not sufficient to decide matters and keep the new government moving ahead. The president had both these factors in mind in forming what has come to be called the kitchen cabinet, which also includes Marcos Vilaca, Edison Vidigal, Fernando Cesar Mesquita and Luis Guttemberg, the last two responsible for media relations.

One sign that the special advisers still have influence is that five of them will accompany President Sarney to New York, leaving Saturday morning: Celio Borja, Rubem Ricupero and Jorge Murad will go with him, while Fernando Cesar Mesquita and Luis Guttemberg have already left. One might note, in regard to this semimeta-morphosis of the process of exercising power, New Republic version, that since the beginning of the month and probably for a long time the kitchen cabinet will try to stay out of the parlor, but will continue serving meals.

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CSO: 3342/6



BRAZIL

INFLATION IMPACTS ADVERSELY ON SARNEY'S POPULARITY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Oct 85 p 4

[Text] The rate of inflation, which jumped from 7.2 percent in April to 14 percent in August and 9.1 percent in September, did great harm not only to the Brazilian people but also to President Sarney himself: in 6 months of governing, his popularity fell from 50 percent to 44 percent, after having reached 57 percent in June. Carlos Matheus, director of the Gallup Public Opinion Institute, responsible for the survey of Sarney's popularity, has no doubt that the new government's performance in the economic area is the thermometer of the president's popularity. "This is a phenomenon that was observed in the Figueiredo administration," he explained, "whose popularity rose and fell with the rate of inflation."

Gallup ascertained the drop in the Sarney administration's approval rating through two types of interview. Through the verbal scale, asking whether the president is governing very well, well, fair, poorly or very poorly (approval is obtained by the sum of the "very well" and "well" opinions), and through the numerical scale, in which the person interviewed attributes ratings between +5 and -5 to the government's performance. On the numerical scale, the ratings also fell: they began at +3.25 in April, rose to +3.48 in June and fell to +2.92 in September.

For this poll, Gallup interviewed 3,145 persons in 20 states and 198 cities, persons of all ages, social classes and party ideology, between 15 August and 15 September. The current figures, compared with those obtained in similar polls in the past, showed that Sarney's greatest loss of popularity was in the Northeast and South regions, among Brazilians of Classes B and C and among the youngest.

Ratings

In April, 11 percent of the Brazilians felt that Sarney was governing very well, and 40 percent, that he was doing well--hence, a total of 51 percent approval. Besides, 25 percent felt he was doing "fair"; 2 percent, poorly, and 1 percent, very poorly. In June, Sarney received his best ratings, once again in step with inflation, which remained close to 7 percent in April, May and June. In June, 14 percent of the people thought he was governing very well; 43 percent, well (for an approval rating of 57 percent); 28 percent, fair; 1 percent poor; and 1 percent, very poor.

In August, as inflation rose, Sarney's ratings declined: 10 percent, very well; 36 percent, well (46 percent approval); 39 percent, fair; 3 percent, poor; and

<u>Believe the President is Governing:</u>	Urban Population (percentages)			
	<u>April</u>	<u>June</u>	<u>August</u>	<u>September</u>
Very well	11	14	10	6
Well	40	43	36	38
Subtotal	51	57	46	44
Fair	25	28	39	45
Poorly	2	1	3	4
Very poorly	1	1	1	1
No opinion	21	13	11	6
Total	100	100	100	100
Number of interviews:	2826	2740	2447	3145

1 percent, very poor. September was more critical: 6 percent of those interviewed answered "very well"; 38 percent, well (for a 44 percent approval rating); 45 percent, fair; 4 percent, poor; and 1 percent, very poor.

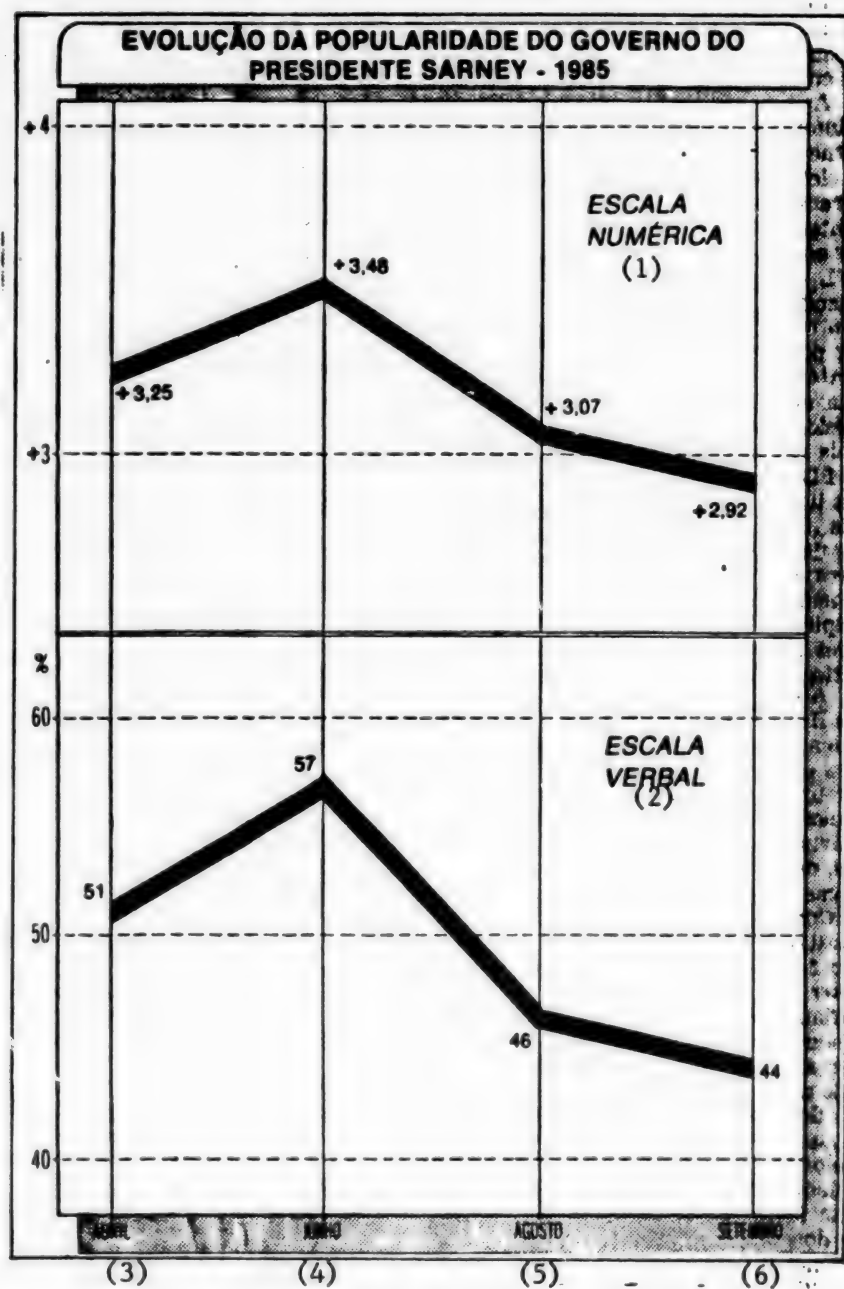
The same Northeast that gave the president the best approval ratings in April and June (57 percent and 64 percent, respectively) was one of the regions where his rating fell greatly: it was 47 percent in September, following the trend of August, which showed a 51 percent rating. The figures for the Northeast, however, exceed those for the other regions. In the South, the opposite happened, although the ratings are lower, and also showing a sharp drop in Sarney's standing. The approval rating in April was 48 percent, went to 52 percent in June and fell in August and September (45 percent and 38 percent, respectively).

The numerical scale confirms not only the decline of the president's popularity, but also the regional preferences. The national ratings show that Sarney reached +3.25 in April, +3.48 in June, +3.07 in August and +2.92 in September. The Northeast was generous with Sarney, giving him in April a +3.50 rating; in June, +3.74; in August, +3.45; and in September, +3.09. The South, however, did not forgive him: +3.14 in April; +3.33 in June; +2.89 in August; and +2.62 in September.

#### PDS Most Critical

Sarney's popularity fell, generally, among sympathizers of all parties, but the PDS [Social Democratic Party] was the most severe. The approval ratings among sympathizers of the PMDB [Brazilian Democratic Movement Party], Sarney's own party, for example, were: 55 percent in April; 62 percent in June; 53 percent in August; and 50 percent in September. In the PFL [Liberal Front Party], the president received approval ratings in the same months, respectively, of 64 percent, 64 percent again, 51 percent and 50 percent. The PDT [Democratic Workers Party] ratings were 54 percent, 57 percent, 54 percent and 51 percent, while those of the PTB [Brazilian Labor Party] were 49 percent, 62 percent, 41 percent and 42 percent. The PDS gave him ratings of 53 percent, 64 percent, 36 percent and 38 percent--hence a sharp fall in recent months, even sharper than in that of the PT [Workers Party] (43 percent, 48 percent, 44 percent and 50 percent).

Trend of Popularity of President Sarney's Administration--1985



Key:

- |                    |              |
|--------------------|--------------|
| 1. Numerical Scale | 4. June      |
| 2. Verbal Scale    | 5. August    |
| 3. April           | 6. September |

Despite these figures, the persons considered "very interested in politics" were more condescending with the president than the "uninterested." The first group

gave him 60 percent approval in April, 60 percent in June, 50 percent in August and 42 percent in September; the others, in the same months, gave ratings of 45 percent, 52 percent, 38 percent and 43 percent, respectively. The younger Brazilians were also more critical in their evaluations of President Sarney's performance. Among persons between 18 and 29 years of age, the president received approval ratings of 48 percent in April, 55 percent in June, 44 percent in August and 42 percent in September. In the 30-to-49 age group, the ratings were, respectively, 53 percent, 58 percent, 44 percent and 45 percent; among Brazilians over 50 years of age, the ratings were 56 percent, 63 percent, 48 percent and 47 percent. Men and women, at least this time, came to similar conclusions. The women gave the president approval ratings of 51 percent in April, same as the men; 57 percent in June (men, 58 percent); 44 percent in August, same as the men; and 44 percent in September, again the same percentage as given by the men. Neither sex forgave the increase in inflation.

#### Disapproval Greater in State Capitals

The verbal and numerical scales of the Gallup poll show further that Brazilians living in state capitals are more critical of the Sarney administration than the residents of small towns. In the state capitals, the president's approval ratings were 50 percent in April, 53 percent in June, 42 percent in August and 41 percent in September. But in municipalities with less than 5,000 inhabitants, for example, the figures are better, although having shown a decline in Sarney's popularity: 57 percent, 58 percent, 55 percent and 53 percent.

In the distribution by social classes, the president's popularity is lower among persons of Classes B (41 percent) and C (43 percent). The ratings of Class B, in the months of April, June, August and September, respectively, were 53 percent, 54 percent, 46 percent and 41 percent, while in Class C, the figures recorded were 54 percent, 60 percent, 46 percent and 43 percent. The highest approval rating was from Class D (47 percent), after having reached 50 percent in April, 56 percent in June and 44 percent in August. In Class E, the approval ratings were generally lower, but did not show so sharp a decline: 45 percent, 45 percent, 48 percent and 45 percent. In Class A, the president's standing also fell between April and September (from 52 percent to 45 percent), but had a moderate increase from August (41 percent) to the present.

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CSO: 3342/3

BRAZIL

POLL: PMDB MAYORAL CANDIDATES LEADING IN 11 CAPITALS

Sao Paulo VEJA in Portuguese 16 Oct 85 pp 28-33

[Excerpt] In the third round of the electoral poll conducted by the Gallup Institute, the PMDB [Brazilian Democratic Movement Party] seems to be showing the vigor of past campaigns. For Brazil's largest party, the most encouraging news comes from Sao Paulo, where Senator Fernando Henrique Cardoso took the lead away from ex-president Janio Quadros; from Belo Horizonte, scene of a spectacular turnaround giving Deputy Sergio Ferrara a commanding lead; and from Curitiba, where an unexpected tie was registered between Deputy Roberto Requiao and the until-then heavily favored Jaime Lerner, candidate of the PDT [Democratic Workers Party]. But there are many other indications of the PMDB recovery in the third stage of the poll conducted by Gallup for VEJA, the Globo Network and the O GLOBO, O ESTADO DE SAO PAULO and JORNAL DA TARDE newspapers.

This time, in addition to the 10 Brazilian state capitals with the largest voting populations, 7 other cities were included--and the picture painted by the poll suggests that, if the elections were held now, Deputy Ulysses Guimaraes would have good reason to consider himself Brazil's most powerful politician. "I felt all along that our party would win big in next November's election," asserted Ulysses last Thursday evening. "The PMDB is a party that finishes strong." A little more than 1 month before the elections, the phrase does not sound overoptimistic.

Of the 17 state capitals polled by Gallup, PMDB candidates appear to be ahead in 11. Besides the close tie in Curitiba, there is a virtual deadlock in Vitoria between Hermes Laranja of the PMDB and Crisogono Cruz of the PDS [Social Democratic Party]. In Porto Alegre and Florianopolis, although having serious difficulties, the chances of the PMDB candidates are not entirely lost. The situation seems decidedly adverse to the party of Ulysses only in Rio de Janeiro, where Deputy Jorge Leite suffered another serious slide, and in Sao Luis, scene of a polarized struggle between candidates supported by the PFL [Liberal Front Party] and by the PDS.

Any such eventual defeats should not be too painful, especially if Senator Fernando Henrique Cardoso stays at the peak of his rise in Sao Paulo. Applying the margin of error established for the poll in Sao Paulo of 2.4 percentage points, the results suggest a statistical standoff--if the election were held now, either Fernando Henrique or Janio Quadros could win. But other indicators should be taken into account. Whereas Janio is stalled on a plateau of 32 percent of the preferences, Fernando Henrique's curve is rising again, thanks to his increased penetration of



lower socio-economic classes. Moreover, the risk of an upset by the PT [Workers Party] candidate, Eduardo Suplicy, which would certainly take votes away from the PMDB, seems remote. And lastly, the poll shows that the undecided voters have been leaning predominantly toward Fernando Henrique.

"I only believe the polls taken by my people, and they tell me that I am going to win with 60 percent of the vote," insists Janio. But the ex-president, who promises to expel IBOPE [Brazilian Public Opinion and Statistics Institute] from Sao Paulo if he becomes mayor--"because it is a pollutant"--and likewise discredits the Gallup figures, which he considers "a little more reliable," certainly suspects that something is not going well in his campaign. So much so that last Friday, during a luncheon in Sao Paulo with Foreign Affairs Minister Olavo Setubal, he demanded of his ally a more visible presence in the electoral effort, convinced that the foreign affairs minister could help him get a few more points in future polls.

Apparently, the recovery of Fernando Henrique--whose fall in the second round of the poll may have been partially due to the fact that the survey coincided with the strike of the bank workers--resulted from the changes made in his appearances in the gratuitous electoral schedule, now much more aggressive, and a fine-tuned mobilization on his behalf by the state government and the party. Last Thursday, for example, Governor Franco Montoro announced a 20 percent bonus for public employees--which they hadn't even bothered to ask for. On the same day, Fernando Henrique was the star of a rally in front of the taxi driver's headquarters, where Montoro signed a bill exempting alcohol-powered automobiles bought by taxi drivers from payment of the ICM [Tax on Circulation of Merchandise]. Introduced as responsible for the hastening of the measure, the PMDB candidate was carried on the shoulders of a throng of almost 3,000 taxi drivers, a group until recently considered one of the spearheads of Janio's campaign.

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BRAZIL

SEPTEMBER EXPORTS HIT RECORD HIGH OF \$2.3 BILLION

Trade Surplus Also Record

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Oct 85 p 28

[Text] Rio de Janeiro--In September Brazil had its largest export receipts of the year, \$2.385 billion, and also a record trade balance surplus of \$1.293 billion, raising this year's cumulative trade surplus to \$9.144 billion. Imports cost \$1,092 billion, also a record, and have been rising since July, due to reactivation of the industrial sector.

We will easily reach the goal of a \$12 billion trade surplus, Roberto Fendt, CACEX [Foreign Trade Department] director, asserted yesterday. In September exports regained their upward trend, interrupted in August, due partly to equalization of the exchange-rate variation with the inflation-rate variation, putting an end to the uncertainty of exporters regarding future foreign-trade policy.

Another factor that, according to Fendt, had a favorable bearing on the record exports in September was the reduction of interest rates for financing exports. Discounting the 15 percentage points of the rate of equalization, Brazilian exporters are paying from 8 to 10 percent interest a month for their financing, a rate similar to their competitors abroad.

"The two factors resulting from the government's new economic policy implemented since August will produce greater effects on exports in the coming months," Fendt explained. The previous policy of the Dornelles administration resulted in a real devaluation of the exchange rate of 4.1 percent because, whereas exchange-rate devaluation reached 145.8 percent by September, the inflation rate was 136.2 percent.

The greatest recovery in September's exports occurred in the commodities sector, whose receipts totaled \$816 million, with an increase of 17 percent over the August figure of \$698 million. Income from exports of manufactured goods also rose, with the total of \$1.271 billion representing a 9.19 percent increase over the \$1.164 billion income received in August. Semimanufactured goods brought in \$282 million, compared with \$236 million in August, an increase of 19.5 percent.

Of the \$1.092 billion of imports, petroleum purchases cost \$484 million, compared with \$531 million in September of 1984, a decline of 8.85 percent. Wheat purchases represented \$38 million, while a number of other goods, especially machinery, parts and spare parts, absorbed \$570 million.

## Decentralization

The CACEX director revealed further that the department's plans for 1986 contain two important points. The first is reestablishment of the principle of decentralization in issuing import licenses. Regional CACEX agencies will have more freedom in deciding about import requests, leaving top officials of the department free to devote more time to studying directives for foreign-trade policy.

The second point consists in redesigning import programs to facilitate foreign purchases of parts and spare parts. The measure will not have much impact on imports, the CACEX director explained, but will help reduce the problems met by Brazilian industries that are forced by the difficulty of importing parts to use domestic material of inferior quality, resulting in increased downtime due to faulty operation.

## \$12 Billion Surplus 'Certain'

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Oct 85 p 24

[Text] Porto Alegre--The director of the Foreign Trade Department of the Bank of Brazil (CACEX), Roberto Fendt Junior, said in Porto Alegre yesterday that, in view last month's trade-balance results--exports of \$2.38 billion, with a surplus of \$1.28 billion--the government is revising its estimates for the entire year and sees a final surplus of \$12 billion as practically certain, compared with initial estimates of \$11.5 billion.

Fendt Junior asserted that it is still very early to make predictions about the effects on Brazil's exports of the gradual devaluation of the U.S. dollar in relation to European currencies and the Japanese yen, but asserted that "extremely favorable effects can be expected from this in the coming months." He remarked that if the lower trend of the dollar continues, "we expect that Brazilian goods will become much more competitive abroad, not just in the United States, but also in other industrialized countries." The CACEX director added, however, that this will have to be measured more precisely, and that it is not yet possible to say whether this change in international conditions can increase Brazil's trade surplus over and above \$12 billion.

CACEX, according to its director, does not yet have an estimate of what this year's performance of each of the items on the list of exports will be, nor even what will be the relative weights of commodities and manufactured goods in the overall composition of exports. The department's experts are preparing a survey of performance during the first 9 months, in order to make a projection of what is likely to happen through September [as published; December?]. Roberto Fendt Junior was in Rio Grande do Sul to participate in the 2d National Seminar on Footwear Exports, in Gramado, sponsored by the Center for Foreign-Trade Studies Foundation (FUNCEX).

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BRAZIL

## GOVERNMENT EXPANDS MONETARY BASE 17.1 PERCENT IN SEPTEMBER

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Oct 85 p 22

[Text] Brasilia--The government expanded the monetary base (net issue of paper currency) by 17.1 percent in September--a percentage much greater than the rate of inflation, which was 9.1 percent during the period. Meanwhile, the money supply (money in the hands of the public plus demand deposits in banks) rose 15.8 percent. This information was given by the Central Bank yesterday evening. The increase in the money supply was greater than official projections, due to greater demand for funds for planting crops and the large quantity of wheat the government had to buy because of this year's disappointing crop. Agriculture was provided with 5 trillion cruzeiros; wheat required 2.7 trillion cruzeiros.

Moreover, the Central Bank [BC] was unable to regulate the money supply through the sale of government bonds because, as of the 27th of the month, the BC, which had attracted 3.3 trillion cruzeiros from bond sales, had to redeem 1.1 trillion cruzeiros [of bonds] in the last week of the previous month, inasmuch as the banking system needed cash, since--as is the rule--the banks borrow from the Treasury during the last week of each month the funds for taxes paid. In September, the 4th week had only 1 day, the 30th. One of the reasons for this happening, according to the BC, was also a result of advancing the deadline for payment of federal taxes. Moving up the deadline, however, enabled the Treasury to have a fiscal surplus of 2.6 trillion cruzeiros in September.

### Variation

The monetary base, which in August was 26.8 trillion cruzeiros, rose in September to 31.4 trillion cruzeiros, an increase of 17.1 percent. For the year, the increase was 109.2 percent, compared with an inflation rate during the same period of 136.2 percent. Meanwhile, the money supply--which is another important indicator of monetary policy--which was 48.8 trillion cruzeiros in August, rose to 56.4 trillion cruzeiros in September, an increase of 15.8 percent. From January through September of this year, the money supply increased 127.3 percent, also less than the rate of inflation during the same period.

According to the Central Bank, the following were the main factors in expansion of the monetary base: agriculture required 2.7 trillion cruzeiros; wheat purchases (a government monopoly) required 2.66 trillion cruzeiros; while foreign transactions (exports) consumed 2.3 trillion cruzeiros. State enterprises required

300 billion cruzeiros to cover expenses and payments. The Central Bank also announced that the cash deficit of the monetary authorities was 7.1 trillion cruzeiros, less than the 8.4 trillion cruzeiros in August. With this result, the cumulative deficit for the year reached 48.2 trillion cruzeiros.

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BRAZIL

ECONOMIC ADJUSTMENT PACKAGE FOR 1986 IN FINAL PREPARATION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Oct 85 p 50

[Text] Brasilia--Next year's adjustment program for the Brazilian economy has been outlined and after tomorrow will begin taking final form under the coordination of Finance Minister Dilson Funaro. The "economic package" will have to be ready by the end of November, when it will be submitted to the International Monetary Fund (IMF), with which Brazil will discuss the indispensable support for carrying on its negotiations with the international creditor banks.

For 1 month, about 10 groups of economists from various ministries have been studying and working out the details for a series of economic measures to be implemented in 1986. The work is progressing rapidly and, according to a key Planalto Palace adviser, the package should be on President Jose Sarney's desk by the beginning of next week, at the latest. He says the government is in a hurry because it has only a little more than 40 days to get congressional approval of one of the program's central and most controversial points: tax increases.

The Sarney adviser, as well as members of Funaro's staff who did not accompany him on his recent trip to Seoul, where he represented the nation at the annual assembly of the IMF and the World Bank, say it would be very difficult now to predict the final format of the package. However, they reveal its essential parameters. The first, "unsubstitutable and nonnegotiable," according to the palace adviser, is President Sarney's goal of having the Brazilian economy grow between 5 and 6 percent.

The policy will be growth, combined with strict control of inflation to make the 1986 annual rate fall to somewhere between 140 and 160 percent, which should also result in lower domestic interest rates. To reach these goals, the government will have to counteract as much as possible the public deficit of 211 trillion cruzeiros projected for next year. It will try to reduce as much as possible the placement of government bonds and expansion of the monetary base.

Taxes

Within the effort to reduce the deficit, the politically most difficult measure to implement is increasing the tax burden. Before embarking for Seoul, Minister Dilson Funaro asserted that the government is trying to generate 10 or 12 percent more tax revenue next year by raising taxes. This, together with the expected growth of 5 or 6 percent in the gross domestic product (GDP), will increase revenue from the 320 trillion cruzeiros forecast in the 1986 budget now being studied by

Congress to somewhere between 370 trillion and 390 trillion cruzeiros. Hence, an additional gain of 50 trillion to 70 trillion cruzeiros.

To get this additional revenue, the government has various possibilities that have been studied and projected, Funaro's advisers report.

Increased income-tax rates for higher-paid white-collar workers making over 20 or 30 times the minimum salary; taxation of the increase in value of assets held by individuals, with the amount of increase being determined by comparing the amount of return reported [on such assets] with the return reported in the base years of 1984 and 1985; and replacement of the Income Tax by the IOF (Tax on Financial Transactions) in taxing the financial market, penalizing shorter-term transactions.

Funaro's aides reveal that still other possibilities are being studied for increasing tax revenues, but indicate only the principle that guides them: they are to tax speculative capital more and productive capital less, within the guideline that the nation must grow to generate more employment and a better distribution of income.

These tax increases would be accompanied by important changes in collection procedures, mainly in the income tax, as protection against the effects of inflation. The basis for calculating tax collection will be corrected in the same way as is currently used for amounts withheld at the source. This would cause a reduction of the nominal amounts of tax rates applied at the source. If this were not done, the taxpayer would have a real increase in the tax to be paid.

Another change in income-tax collection procedures that could be applied separately or in conjunction with correcting the basis of computation is the institution of semiannual returns for both individuals and corporations. But it has not yet been determined, according to Funaro's advisers, whether this would be technically feasible and whether the structure of the Federal Revenue Secretariat could support such a work load.

#### State Enterprises

According to Funaro's staff, reduction of next year's public deficit will have to take place through eliminating the operating deficit of the state enterprises. In 1986, the studies of the government groups forecast an operating surplus between 10 trillion and 15 trillion cruzeiros, compared with a deficit of 8 trillion cruzeiros forecast for 1985. To achieve this, there will be cuts in the operating expenditures of the state enterprises; a real increase in public fees; sale of shares in these firms amounting to as much as 10 trillion cruzeiros; and administrative efficiencies.

This list of measures could be accompanied by accelerating the government's denationalization program. World Bank funds could be used in this process, for the financial rehabilitation of some of the firms being denationalized. The Brazilian experts who were in Seoul suggested this prospect to their friends at the World Bank. But this is only a possibility, subject to lengthy negotiations, according to the Finance Ministry staff.

Other operating funds contemplated in the unified budget now being analyzed by Congress may also be cut, Funaro's advisers say. Among them are the subsidies for wheat, sugar and alcohol. Reduction of personnel in direct and indirect administration, a requirement of the IMF, is completely out of the question, the aides say. It would be politically explosive and would not bring a significant return in terms of reducing the deficit.

#### Social Pact

All these measures, explain the Funaro advisers, would be concurrent with formulation of the social pact. The government will not accede to quarterly salary adjustments, but will offer, in exchange, free negotiation between workers and employers, including readjustment per se and for productivity, permitting gradual restoration of salaries. But the government will not permit firms to pass real increases in the production costs of goods along to the consumer and will urge everyone to trust in the reduction of inflation as a result of the measures that will be implemented.

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BRAZIL

EEC ADMONISHED ON PROTECTIONIST POLICY REGARDING SUGAR

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Sep 85 p 33

[Article by correspondent Reali Junior]

[Text] Paris--Brazil and Cuba, the world's two largest sugar producers, warned the European Economic Community yesterday about the protectionist policy it has adopted in regard to sugar output and trade.

Industry and Commerce Minister Roberto Gusmao and M. Lescano, Cuba's sugar minister, met in Paris yesterday afternoon with the director general of the EEC's Agriculture Department, Guy Legras, on which occasion they called attention to the attempts by EEC sugar-producing nations to jeopardize the whole effort made by Brazil, in restricting production and exports, to sustain the market and improve the product's price.

According to Roberto Gusmao, Brazil's efforts in this direction caused the product's price to rebound in the international market, but these efforts are now being threatened by the position of some EEC nations, mainly France, a large producer of beet sugar.

At yesterday's meeting, the Brazilian and Cuban ministers explained that Brazil and Cuba, responsible for 70 percent of the world's exports, could intervene in the market decisively if the Europeans continue trying to enlarge their market share, jeopardizing their exports. A massive intervention by these two countries could cause the product's price to fall again. The common positions of Brazil and Cuba to support the international price of sugar and the meeting in Paris, after one held earlier in Brazil, cannot help but have political aspects, at a time when it is being asserted that Brasilia may soon renew diplomatic relations with Havana.

Roberto Gusmao is leaving today for Washington, via New York, where he will meet with President Jose Sarney in the U.S. capital. His objective is to conclude negotiations for the direct sale of alcohol, at market prices, to the United States. This alcohol would be added to U.S. gasoline in the form of only a 2 percent additive.

It is estimated that this year Brazil may be able to sell the equivalent of \$250 million of alcohol in the United States, and that this amount could rise to \$500 million next year. In compensation, Brazil will increase its purchases of U.S. wheat, in which case Canada would be hurt, as its quota would be reduced.

Yesterday Minister Roberto Gusmao confirmed the negotiations for establishing an alcohol quota. He is to meet in the U.S. capital with the ministers of foreign trade and of industry, but will also participate in the negotiations, which will involve businessmen of the sector, from both countries.

Gusmao did not confirm that the negotiation involves a counterpart, such as an obligation to increase our imports of U.S. wheat, mentioning that the two transactions are not related, but conceded that in the future there may be reciprocity of this type, which he considers normal between two large trading partners such as Brazil and the United States.

Gusmao said that it is not a matter of increasing Brazil's production of alcohol, as Brazil would only export to the United States the surplus from its current production. He does not know the exact quantities, as this will depend upon the negotiations in Washington.

Minister Roberto Gusmao met for more than 1 hour yesterday with the French minister of foreign trade, Edith Cresson. They discussed ongoing problems, including that of orders placed when the former government was leaving and kept in force by the new administration, such as the order for French hospital equipment. They also discussed protectionism, with the French minister reporting to Roberto Gusmao what position France is likely to adopt at the time of the next GATT negotiations.

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BRAZIL

EGYPT SEEKS EXPANSION IN TRADE RELATIONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Sep 85 p 2

[Text] Rio de Janeiro--Egypt's foreign affairs minister, Butrus Ghali, asserted in Rio yesterday that his country is interested in expanding trade relations with Brazil, from which it buys \$250 million annually. One of the projects to be implemented between the two countries will be for an aircraft plant of EMBRAER [Brazilian Aeronautics Company] in Egypt, for production and assembly of parts and equipment. In 1983, Brazil and Egypt signed a trade accord for the sale of 120 Tucano aircraft by 1987, the first 20 of which were shipped last year. Meanwhile, Egypt's exports to Brazil are negligible: only \$15,000 in 1984.

The Egyptian minister's visit to Brazil was more diplomatic than economic in nature, according to Butrus Ghali, who met with Foreign Affairs Minister Olavo Setubal, delivered a letter from the president of his country to President Sarney and attended a reception held for him by Governor Leonel Brizola.

Butrus Ghali said he exchanged ideas with his colleague Olavo Setubal in regard to Brazil's debt and the strategy of Third World countries, and sought to learn what image Brazil has of Egypt and the African countries.

At a news conference, the Egyptian minister said that his country, in conjunction with Syria and Jordan, seeks to establish a peace plan for the Middle East, with an aim to solving the problem of Palestine by granting self-determination to the Palestinian people. According to Ghali, his country strongly condemns the policy of subversion followed by Muammar Qadhafi of Libya, which has already resulted in aggression against Sudan, Chad, Nigeria, Tunisia and Senegal.

Egypt's foreign affairs minister admitted that his country has found it very difficult to keep the treaty of peace and cooperation with Israel since the invasion by Israeli troops into Lebanon. Through this agreement the two embassies and two more consulates were reestablished in the two countries and Egypt now receives about 50,000 Israeli tourists annually.

Meanwhile, relations can be classified as in a "cold peace," as Egypt hopes that solution of the Palestinian problem and the complete withdrawal of Israeli troops from Lebanon can improve relations between the two countries.

BRAZIL

AUTOMAKERS PROJECT 8 TO 10 PERCENT RISE IN 1985 EXPORTS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Oct 85 p 28

[Text] Vehicle sales increased again in September, and the sector's businessmen also became more optimistic and are already talking about expanding domestic sales this year 8 to 10 percent over the 570,000 units sold in 1984. At the beginning of the year this estimate was 5 to 8 percent, and just after the metalworkers strike in April and May the manufacturers began talking about zero growth.

In relation to August, the increase was only 0.4 percent--totaling 76,951 units distributed to dealers--enough for the industry to again break its own record since 1980. In comparison with what was sold in September of last year, the sales increase was 34 percent and the cumulative result for this year is now over 530,000 vehicles.

In September, 23,809 vehicles were exported, which represents an increase of 33.4 percent in comparison with August and 53.2 percent in relation to September 1984. It also represents sales of \$213 million, the best monthly performance in the history of the nation's vehicle industry. The forecast of ANFAVEA (National Association of Automotive Vehicle Manufacturers) is for total exports this year of \$1.9 billion (last year exports were \$1.75 billion).

Losses

Despite these favorable figures, ANFAVEA is predicting losses for most of its members in the domestic market. With the same arguments used a few days ago by Wolfgang Sauer, president of Volkswagen of Brazil, the president of ANFAVEA, Andre Beer, said there are indications that most businesses are operating with very low profit margins, or even with losses, as a result of the government's price controls (Sauer has already said that Volkswagen will have losses again this year, after having had last year its first profitable balance since the recession).

Saying he expects the next increase in automobile prices to be on 16 October, Andre Beer commented that price control is now the main reason for good sales in the industry and asserted that "there is a very great lag between [higher] costs of production and [higher] prices declared by the Interministerial Price Council." He is not divulging the relationship, alleging that this could generate accusations of "speculating with prices."

# Automotive Vehicle Sales to the Domestic Market

Autoveículos		Vendas ao Mercado Interno				
Empresa (1)	1985	AGO (3)	JAN/SET (4)	1984	(4)	
	SET* (2)			SET (2)	JAN/SET	
	A	B	C	D	E	
Agrale	86	55	618	56	394	
Fiat Automóveis	8.444	7.604	58.612	5.502	46.039	
Ford	16.321	16.728	117.030	11.717	110.536	
General Motors	19.638	18.370	133.749	15.506	126.631	
Gurgel	123	140	930	50	648	
Mercedes-Benz	2.669	2.581	19.074	1.720	17.571	
Saab-Scania	421	486	2.834	227	2.467	
Toyota	253	233	1.728	277	2.401	
Volkswagen	28.731	30.248	193.731	22.687	188.922	
Volvo	261	202	1.643	141	1.196	
Outras (5)	4	11	172	38	484	
Total Vendas (6)	76.951	76.658	530.121	57.421	497.289	
* Preliminares (7)						

Autoveículos		Em Unidades		
EMPRESA (1)	A/B	Variações Percentuais (8)		
		A/D	C/E	
Agrale	56,4	53,8	56,9	
Fiat Automóveis	11,0	53,5	27,3	
Ford	(2,4)	39,3	5,9	
General Motors	6,9	26,6	5,6	
Gurgel	12,1	146,0	43,5	
Mercedes-Benz	3,4	55,2	8,6	
Saab-Scania	13,4	85,5	14,9	
Toyota	8,6	(8,7)	(28,0)	
Volkswagen	(5,0)	29,5	2,5	
Volvo	29,2	85,1	37,4	
Outras (5)	(63,6)	(89,5)	64,5	
Total Vendas (6)	0,4	34,0	6,6	

## Key:

- |                              |                                      |
|------------------------------|--------------------------------------|
| 1. Company                   | 5. Others                            |
| 2. September                 | 6. Total Sales                       |
| 3. August                    | 7. Preliminary figures               |
| 4. January through September | 8. Percentage Change (in units sold) |

## Production

Buoyed by good domestic and foreign sales, the industry's overall output also shows a moderate increase (1.8 percent) in relation to August, totaling 96,122 units. From January through September, cumulative production has already reached 680,319 units, 6.6 percent greater than the cumulative total in the same 1984 period (638,037).

These results occasion an expansion of employment in the sector. Vehicles plants now employ a total of 142,788 workers, 2,000 more than in August and 17,400 more than in September 1984. But there must be another 11,000 job openings for the sector to again employ as much manpower as it did up to 1980.

BRAZIL

MINERAL OUTPUT PROJECTED TO YIELD \$20 BILLION IN 1985

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Sep 85 p 31

[Text] Brasilia--The chief of the minerals sector of CACEX [Foreign Trade Department], Paulo Cesar de Freitas Samico, advocated yesterday a policy of investment in the sector based upon technological development, to utilize deposits more efficiently. During a talk at the First Brazilian Mining Congress, Samico revealed that mineral extraction will increase 15 percent this year, raising the sector's output to \$20 billion, a substantial increase over 1984, when the total was \$9.8 billion.

Samico emphasized the strategic role of the sector in Brazil's trade balance. To give an idea of what this has represented, he pointed out that the \$1.5 billion reduction in imports in 1984, compared with 1983, was due almost exclusively to the reduction of foreign purchases of mineral goods, especially petroleum. In the January-through-June period of this year, the reduction in minerals imports of \$797 million was greater than the \$450 million reduction in total Brazilian imports.

The chief of the CACEX minerals sector stressed that this year, in view of the reduction of imports and maintenance of the volume of exports, minerals production is becoming even more important for the nation's trade balance.

Petroleum

Through July of 1985, according to Samico, imports fell 10.4 percent in relation to the same period last year, but petroleum imports fell 27.6 percent (from \$4.1 billion to \$2.9 billion), permitting \$1 billion to be redirected to other imports.

Samico anticipates that the increase in the physical volume of minerals production should reach 600 million tons in 1985 and the surplus in the sector's import-export ratio, exclusive of petroleum, may reach \$3 billion. Last year, excluding petroleum from the sector's statistics, its \$3.7 billion deficit became transformed into a surplus of \$2.9 billion. For the January-through-June period of this year, the balance which otherwise would have been a \$1.3 billion deficit became a surplus of the same amount. But Samico does not feel that these results match the potential of Brazil, which is the world's eighth-ranking producer of nonenergy mineral raw materials.

Samico also recalled, in the specific case of diversion of foreign exchange due to the smuggling of precious stones, that CONCEX [National Council on Foreign Trade] instituted a working group, in which CACEX has a voice, to propose exchange mechanisms to help induce foreign sales of "products of substantial intrinsic value." He recalled that, in the case of precious metals and gems, about \$350 million are lost every year. The principal cause, Samico pointed out, is in the difference between the exchange rate that remunerates exports and the "parallel" [black market] exchange rate that governs the cost, in the domestic market, of all the sector's inputs. He revealed that in 1984, when the two quotations of the dollar were close, the value of exports for the mineral sector was 220 percent greater than in 1983. This year, with the gap between the exchange rates, foreign sales through June were 57 percent less than those of the same period last year.

#### Decrease

The situation of Brazil's minerals sector is similar to the segment's international situation, declared Ambassador Paulo de Tarso Flecha de Lima at the mining congress.

Flecha de Lima, who is the secretary general of the Foreign Affairs Ministry, cited a report submitted recently to the Natural Resources Committee of the United Nations Economic and Social Council indicating a large decrease in investments for minerals production and for development of new mines and processing units since the end of the 1970's.

He suggested that the sector adopt an active and diligent attitude in searching for solutions. Among these, he proposed adoption of financial mechanisms making up for the reduction in traditional bank loans and investments in currency. Among such mechanisms, the ambassador mentioned those of countertrade, which can be used to attract investments and guarantee market.

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BRAZIL

BRIEFS

MR-8 ON ARMED STRUGGLE--"We are very proud of what we did in our past, which does not mean to say that we live in the past. The armed struggle of 1967 was a necessity of that political moment. Today we advocate a path of peaceful struggle. But if there were circumstances, now or in the future, that again required the armed struggle, we would use it." That statement by Eduardo Fernandes, member of the political commission of the MR-8 [8 October Revolutionary Movement] and editor of the HORA DO POVO newspaper, defines the position of the entity today, upon completing 18 years of existence. The anniversary was commemorated yesterday. According to Eduardo Fernandes, the legal constitution of the MR-8 as a civil entity enables it to become more closely a part of society's struggle for democracy. "We decided against being a political party because we consider ourselves an integral part of the PMDB [Brazilian Democratic Movement Party]. And we are with Fernando Henrique Cardoso and we are not letting go," he asserted. He does not believe that anti-leftist positions can any longer have public support: "During the past 2 years Brazilian society participated in a process of struggle in which all revolutionary currents collaborated. Anticommunist rubbish today sustains only reactionary and backward positions. Society is no longer into this." [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Oct 85 p 5] 8834

OIL DISCOVERY IN AMAZON--Rio de Janeiro--A well drilled by Petrobras in the Middle Amazon region about 50 kilometers from Manaus is producing oil at an initial rate of about 500 barrels daily. It was the first commercial discovery of oil in the Amazon region. The oil is contained in a small structure of about 8 square kilometers, but its significance lies in that it will be possible to transport it by river ferry on the Madeirinhas River, only 3 kilometers away, to arrive quickly at the Manaus refinery where it will be processed. In announcing the discovery, Petrobras President Helio Beltrao tried to be cautious, asserting that "it could cause a resurgence of hope of finding oil in the Amazon region." The discovery well is called Igarape da Cuia (11-ICA-1-AM) and lies 50 kilometers to the north-east of Nova Olinda, where in 1955 Petrobras found indications of oil that led to a national wave of euphoria that the nation had become self-sufficient in oil production. The Nova Olinda well, however, did not maintain constant pressure, and soon dried up. With the Igarape da Cuia well, however, prolonged tests confirmed constant pressure. This led Petrobras experts to assert that it undoubtedly is a commercial discovery, although limited by the small size of the deposit. [Excerpt] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Oct 85 p 30] 8834

PUMA SALE CONTRACT RENEGOTIATED--Brasilia--The Aeronautics Ministry has negotiated with the French Aerospatiale firm a revised contract for purchase of Super Puma helicopters signed at the end of the Figueiredo administration. The new contract reduces the number of aircraft initially negotiated from 15 to 10 and also sells back to Aerospatiale the 6 Pumas bought 5 years ago. At the time, the price of each helicopter was \$1.7 million and now Aerospatiale will pay \$1.2 million for each used aircraft, which has had technical and maintenance problems. To complete the credit of \$92 million, the Aeronautics Ministry will also receive 10 small-size Ecureil helicopters, with two turbines, and 10 Esquilo, which is the same as the E cureil, only having just one turbine. The Esquilo is assembled in Brazil by HELIBRAS [Brazilian Helicopters, Inc.], which was set up on its own account in Itajuba, Minas Gerais, in the middle of the 1970 decade, when the current mines and energy minister, Aureliano Chaves, was governor of Minas Gerais. HELIBRAS was about to be closed for lack of government orders. Its last president was the minister-chief of the Civilian Household of the Presidency, Jose Hugo Castelo Branco, who was also president of the Bank of the State of Minas Gerais--one of the company's principal stockholders. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Sep 85 p 5] 8834

CSO: 3342/6

CHILE

OPPOSITION TO CONDUCT NEW PROTESTS

FL051444 Havana Domestic Service in Spanish 1200 GMT 5 Nov 85

[Radio Progreso station commentary]

[Text] Analysts believe that the new round of protests beginning in Chile today is a new display of force against Pinochet's regime and, according to some, could lead to a stoppage. The round of protests was called by the National Workers Command. Its aim is to demand the release of six labor union and social leaders who have been incarcerated since September and have been conducting a hunger strike for a week. Observers underscore the importance of the support all political, social, and students' organizations, who oppose the Chilean regime, have given to the call. Such support will also allow measurements of the degree of disagreements within the opposition movement between the center conciliatory positions and the left-wing radical positions.

On this, Chilean Christian Democrat leader Patricio Aylwin remarks were significant. He rejected a wider political agreement than the so-called National Accord supporters have agreed on for the transition to democracy. This accord was signed in August by center and right-wing parties and established guidelines for a possible pacific step toward democracy. However, Aylwin insisted in the social organizations, thus, ratified unilateral actions which right-wing sectors are trying to restrain in their efforts to negotiate with the government.

Signs of growing polarization in opposition circles are seen in youth movements. Opposition sectors obtained 70 percent of the votes during elections held to select new leadership of the powerful University of Chile Students Federation.

Added to this are the more and more frequent armed actions of insurgent groups such as the so-called Manuel Rodriguez patriotic front. Recent wave of attacks confirm the front's spokesman's remarks about the group carrying out a new charge against Chilean military dictators and U.S. imperialism.

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COLOMBIA

REAGAN PRESENTS 'NOVEL PROPOSAL' TO UN

PA022203 Bogota EL SIGLO in Spanish 26 Oct 85 p 5

[Editorial: "The End of Invasions; Free People in Free Territories; Reagan Proposal to Moscow: Clear Out"]

[Text] Carrying out a rite that has become routine, the President of the United States put forward to the General Assembly of the United Nations new proposals to achieve universal peace. This position is traditional and up to now, its sole consequence has been the confrontation of political ideas between the two warlike superpowers, most of the time, only as an exercise for amusement.

President Reagan, however, varied the worn-out, customary procedure. Instead of confining himself to the limitation of nuclear weapons, a topic of everlasting controversy at the United Nations and one that the Soviet Union insists on presenting as the most important matter to be clarified in that forum, the U.S. President set forth the need to free five countries from foreign invasion: Afghanistan, Angola, Cambodia, Ethiopia, and Nicaragua.

The ideological basis of the proposal is indisputable: No nation has the right to occupy another nation's territory. To oppose this principle is to stage an attack on freedom and consequently to stimulate the hatred that generates wars. Referring to his nation with a certain democratic pride, he said: "The only land that we occupy abroad is below the tombs in which our heroes rest."

The political intent of the U.S. attitude is clear, as the troops invading the nations mentioned above are Soviet, or dependent on the will of Moscow or of its satellites. However it is also obvious that if territorial occupation is ended, the aggressive spirit prevailing today in those areas, which spreads from there over entire continents, would begin to dissipate.

It is also worthwhile to note the novel proposal of the United States as the mechanism of that peacemaking operation. It would not be the two superpowers or their representatives who agree upon the conditions of compromise between the forces that are struggling in the aforementioned countries. Those countries would proceed with sovereignty. The superpowers would limit themselves to withdrawing their troops from those areas. The United States

would be committed to help finance, with largesse, the gigantic task of reconstructing what the acts of war have devastated.

It would be naive to nurse immediate illusions as to the success of President Reagan's proposal. The world knows the scope and variety of interests involved in the conflicts and, at the same time, it knows which subjects would be avoided in any discussion.

For the time being, the USSR is directing its efforts at containing the U.S. advance in the production of space weapons. It is a goal imposed by its present inferiority in this field, which could be used in incalculable ways for universal devastation. Therefore, its reluctance to make any kind of commitment can be foreseen. However, to return to more earthbound topics, the Soviet Union was obliged to say whether it will return autonomy to the nations that it is occupying or confirm its decision to keep them subjugated.

The gravity of the circumstances that the world faces was also pointed out in the vigorous statement with which Reagan ended his unexpected proposal: As long as the foreign occupation of the specifically mentioned countries continues, the government in Washington will continue to help domestic forces that are struggling against the occupation. This quite clearly means that there will be no peace in those areas while Soviet weapons are being used overtly or covertly against popular sovereignty.

In inclusion of Nicaragua among the five countries to which the U.S. President made his proposal creates suspense on our continent. The Contadora Group has indicated, as one of the primary objectives of its actions, that the Nicaraguan conflict should be solved by means that reflect the psychology and the interests of the area, without being included among the problems faced by the superpowers. The United States has expressed a contrary opinion, alleging the presence of "8,000 military and police troops of the Soviet block and Cuba in Nicaragua." This posture necessarily puts Washington into confrontation with Contadora.

The appearance of a new mood in the orientation of Moscow's international policy is visible. Whether or not it is the result of a firm intention to change, or the consequence of the increase in U.S. space weapons, is an indecipherable matter for the time being. One could think, as food for universal hope, that it is the result of a less primitive concept of relations among the nations.

If this is the case, then President Reagan's proposal could be used to achieve that saving transformation.

Such is reality, stronger than an ocean of good intentions, which are abundant in words, but without any practical results. Of course, one can always live on dreams, but how long will they last in the case of Central America?

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CSO: 3348/148



COLOMBIA

MINISTER DISCUSSES OIL POLICY, ARAUCA DISCOVERY

PA011323 Hamburg DPA in Spanish 1804 GMT 31 Oct 85

[Text] Bogota, 31 October (DPA)--Colombian Mines and Energy Minister Ivan Duque Escobar has announced that U.S. company Occidental Petroleum Corporation has made a new oil discovery in the eastern Arauca region, on the border with Venezuela.

The minister, who commented extensively on Colombia's oil policy, said that the official announcement on the new oil discovery will be made in a few days. However, he disclosed that the site is in the Cravo Norte region, where "Cano Limon," a rich oil field that was discovered early this year, is also located.

The minister said that Colombia's oil policies will undergo changes regarding the purchasing price for crude produced in the country by foreign companies and regarding the rate of exploitation of the "Cano Limon" oil fields in Arauca.

Regarding a possible hike in the country's fuel prices, Duque Escobar said that President Belisario Betancur alone has to make that decision, but that, however, no decision had been reached on this matter. He said that it will be a year next Monday since the last price and adjustments were made.

The mines and energy minister said that at the end of this year, the country's oil production will reach 185,230 barrels a day. The daily consumption rate is estimated at 230,000 barrels and the growth rate requirement is 5 percent annually.

The expected production from the Casabe oil field located in eastern Colombia is 25,000 barrels a day, and 30,000 barrels is expected from the San Francisco oil well. The oil transported from Meta and Casanare Departments guarantees the country's self-sufficiency, without having to count on the oil extracted from "Cano Limon," in Arauca.

According to official statistics, the exploitable reserves in the "Cano Limon" oil field fluctuate between 650 and 700 million barrels of high quality oil. The exploitation of this field will begin in February 1986, with an estimated production of 30,000 barrels a day.

It has been estimated that the total reserves add up to 1.2 billion barrels of oil, which would mean that the country will be self-sufficient for 8 to 10 years, depending on the level of exploitation. This matter is being analyzed by the government and the state-run Colombian Petroleum Enterprise (ECOPETROL)

Colombian crude and gasoline imports during the past few years totaled more than \$4.4 billion. However, fuel oil [preceding two words in English] exports have been estimated at \$465 million, which means that there will be a deficit in the oil balance of \$65 million. [figures as received]

/12913

CSO: 3348/148

COLOMBIA

BRIEFS

MITTERRAND, BETANCUR HOLD TALKS--The Latin American foreign debt, protectionism, and bilateral trade were the main topics in the talks between French President Francois Mitterrand and Colombian President Belisario Betancur. In his first round of talks with Betancur, Mitterrand, who returned to Bogota on Saturday after visiting Medellin, advocated the holding of a dialogue between industrialized and underdeveloped nations to find solutions to the international economic crisis. The French president expressed support for the efforts of the Cartagena Consensus and reiterated his support to the Contadora Group and its efforts to bring peace to Central America. On his part, the Colombian president said that protectionism, high interest rates, and low export prices are the causes of the chronic problems of the underdeveloped world. [Text] [Havana International Service in Spanish 1600 GMT 20 Oct 85 PA]

PESO VALUE DOWN--The Colombian peso dropped this week 88 cents against the U.S. dollar, so that at the close of today's banking operations, Colombians will be paying 162.62 pesos per dollar. [Text] [Bogota Television Service in Spanish 1730 GMT 1 Nov 85 PA]

/12913

CSO: 3348/148

CUBA

## FAR PARTY CONFERENCES HELD; PCC CONGRESS DELEGATES CHOSEN

### Report on EJT Meeting

Havana VERDE OLIVO in Spanish 3 Oct 85 pp 10-11

[Article by Ruben Fonseca]

[Excerpts] During the course of the 5th Youth Labor Army Party Conference, delegates heard reports on the force's outstanding achievements in production and various initiatives to increase the efficiency of party work to train the young officers and soldiers of this army.

The report quoted the words of Army General Raul Castro Ruz, second secretary of the Party Central Committee and minister of the Revolutionary Armed Forces (FAR), spoken on the occasion of the main ceremony of the EJT 10th Anniversary: "We hope that the EJT will move forward with progress, and will always be an important force of production in accordance with the levels of equipment and development in our agriculture."

The successes of this institution are reflected in its productivity figure, which has been raised to 363 arrobas per person, and in the total amount of cane cut: 696 million arrobas in the recent harvest.

The report analyzes the results of the latest harvest, noting that the most outstanding commands in terms of meeting targets were those of Ciego de Avila, Las Tunas and Camaguey. Cienfuegos was also among the most productive commands.

Despite these successes, however, there are deficiencies that have an adverse impact on the utilization of time, including the failure to plan work adequately. In this regard, the delegates proposed that the Party supervise activities more strictly to eliminate these problems, which hamper organization and full completion of harvest tasks.

Another aspect covered in the debate was the reduction of absenteeism in the fields and the causes of some discipline problems. A variety of solutions were suggested. At the same time, the Conference hailed the soldiers from different commands who exhibited a progressive attitude in other provinces, and those who worked in Caimanera and Guantanamo to prepare the site of the 26

July ceremonies. The latter group was congratulated by the second secretary of the Party for its efforts. The 3rd Congress Platoon was also congratulated for its outstanding work in the last sugar harvest.

Although the savings policy did yield some positive results, more remains to be done in this area. The Party intends to step up its efforts in this regard, and to make soldiers more aware of the situation.

The delegates called for a greater effort to integrate soldiers better into ideological activities and to adapt them increasingly to the EJT. They recognized that a high rate of attendance and good grades were achieved in the political training of sergeants and soldiers.

Mass agitation work was another item on the agenda. The achievements made in this sphere were described, and the delegates advocated further boosting this area along with propaganda, which has played an important role in the accomplishment of the EJT's missions. To progress further on this front, the work must be carried out more dynamically and systematically, they stated.

The party document also stresses the need to expand the hobby movement in order to enhance the esthetic education of the combatants and make them more cultured.

The conference delegates advocated strengthening ties with the Federation of Cuban Women (FMC), the Committees for the Defense of the Revolution (CDR) and the National Association of Small Farmers (ANAP), since these organizations help the EJT fulfill its plans.

The meeting of Communists to analyze the Party's work over the past 26 months was marked by self-criticism and proposals aimed at eliminating deficiencies in productive activities as well as combat readiness and mobilization preparation among the troops.

In one of his speeches, Col Gustavo Milian Rivero, chief of the Central Political Office of the FAR, expressed the need to make greater use of the members of the Union of Young Communists (UJC) in the units so that they could influence the soldiers, transmit the party line to them, and be more critical of the tasks they carry out.

"We must be very demanding," stated Col Milian, "so that all tasks are completed with high quality. We cannot imagine the political worker being a passive element; on the contrary, he must be dynamic, prepared to take on any task with the required quality, not with formulas, but with initiative born out of experience."

An exciting moment came when the delegates passed a Special Resolution to support the struggle being waged by the peoples of our America not to pay the foreign debt and to bring about the New International Economic Order. The resolution also condemned the war-mongering policy of the current administration in the White House.



Col Armando Martinez Alvarez, deputy chief of the Central Political Office of the FAR, presided over the closing ceremonies of the 5th Conference. He emphasized that the EJT had achieved victories in production and defense, and for this reason is prepared to participate in the War of All the People.

Delegates from the EJT to the 3rd Congress, from left to right: Maj Gen Rigoberto Garcia Fernandez, Col Orlando Gonzalez Ibarra, Brig Gen Rolando Kindelan Bles, and Maj Miguel Parra Napoles.

#### Report on DAAFAR Meeting

Havana VERDE OLIVO in Spanish 3 Oct 85 pp 12-13

[Article by Cesar Comez Chacon]

[Excerpts] The troops of the Antiaircraft Defense and the Revolutionary Air Force (DAAFAR) will arrive at the 3rd Congress of the Communist Party of Cuba (PCC) with better combat readiness and organization, judging by the results of the 9th DAAFAR Party Congress. The meeting was held at the headquarters of the DAAFAR General Staff.

A significant increase in combat and mobilization readiness, positive results in maneuvers and shooting exercises, and an increase in instruction activity are some of the accomplishments with which this branch of the military saluted the important party event.

The status of combative defense, operational and combat training, flight safety, work on technique and weapons, regulations enforcement, mass agitation efforts and the cadre policy were some of the topics most thoroughly discussed by the delegates. They also talked about the role the political agencies and party organizations should play, and the influence party members have on the effort to eliminate remaining defects.

The Communists of the DAAFAR paid particular attention to the work that remains to be done by all the units in order to reduce to a minimum the time it takes to become combat ready. For this purpose, combative defense must meet proposed targets, above all else.

In this regard, the delegates agreed that one objective of their work would be to inform the soldiers each day of the results of this important activity.

Similarly, the participants at the Conference concurred that imparting instruction under conditions as close to real combat as possible is an inviolable principle so that study programs can be carried out as established.

They also agreed to pay special attention to improving the technical-professional training of technicians and engineers, to the development of their initiatives, to raising standards in the organization of regulatory work and "park" days, and to organizing activities aimed at promoting education and enhancing the quality of the utilization, maintenance and preservation of technology and weapons.

Individual work with the men, especially young officers, cadets and soldiers, was debated by delegates at this 9th DAAFAR Party Conference perhaps more than any other point in the report.

The speeches by Communists on this subject, especially that of Col Carlos Lamas Rodriguez, were of great value. Col Lamas cited specific examples of units that have achieved excellent results in combat and political training, in enforcing regulations, and in discipline in general.

He emphasized that these accomplishments can be attributed to the joint efforts of the PCC command and the UJC to improve the living and working conditions of the soldiers, to plan fruitful cultural, recreational and sports activities, to develop relations with family members, and to make proper use of the military organs of justice.

As for work with young officers just arriving in the units, the Communists of the DAAFAR agreed that they should be dealt with more directly, not left alone at the time when they need the most help from experienced people. It should be made as easy as possible for them to adapt to work in the unit, so that they can be more successful in putting into practice the knowledge they have accumulated over their years of study at the Military Instruction Centers.

Saving was another topic of discussion. Planning specific tasks designed to explain to soldiers the role they are expected to play in saving, and period checks on the results of these efforts, were among the proposals approved by the Conference.

With regard to enforcement of regulations, another area on which the central report focused, the participants at the meeting criticized the vestiges of false comradeship and favoritism that still remain in some units. The result is that on some occasions, a person who harshly criticized a comrade is scrutinized carefully, while a member who goes along with violations of discipline "so as not to cause problems for himself" is rarely reprimanded.

Col Gustavo Milian Rivero, chief of the Central Political Office of the FAR, presided over the closing ceremonies. He mentioned, among other things, the importance of maintaining a high degree of combat readiness in the DAAFAR so that it can respond rapidly to any enemy aggression.

The party meeting was also chaired by Maj Gens Abelardo Colome Ibarra, alternate member of the Politburo and first deputy minister of the FAR; and Julio Casas Regueiro, member of the Central Committee, deputy minister of the FAR, and chief of the DAAFAR troops.

DAAFAR Delegates to the 3rd Congress: Maj Gen Julio Casas Regueiro; Brig Gens Ladislao Baranda Columbie, Enrique Carrera Rolas, Vicente Gomez Lopez, Julio Bruno Rodriguez Curbelo, and Ruben Martinez Fuentes; Cols Gustavo Milian Rivero, Manuel Carvajal Valverde, Carlos Lamas Rodriguez, and Arnaldo Tamayo Mendez; Lt Cols Jose Maria Diaz Quintero, Constantino Fernandez Portuondo, and Antonio Garcia Martinez; Majs Mirta Garcia Llorca and Vicente Guillen Granados; and Civilian Worker Luis Tejera Ruiz.

26 November 1985

### Report on Central Army Meeting

Havana VERDE OLIVO in Spanish 3 Oct 85 pp 14-15

[Article by Domingo Orta]

[Excerpts] Just as the frank and open words of the Party were reaching each soldier in the Central Army with a message of congratulations and salutations, the 10th Conference of the Communists in that command was getting underway. This event marked the conclusion of the assembly process at that level in preparation for the 3rd Party Congress.

Once again, the close link between the governing forces of our society and the masses was made evident. This was undoubtedly the most noteworthy aspect of the event, in which the PCC organizations in the Central Army presented an accounting of their accomplishments, renewed their commitments, and ratified their mandates.

The Communists of this command did not come to their 10th Conference to brag about their successes, but rather to criticize their defects and find solutions.

Evidence of this can be found first of all in the central report's assessment of the influence the PCC has had in the various spheres of military activity. The report states that after the 5th Meeting of Party Secretaries in the FAR, there was a qualitative leap forward in the instruction of the troops, operational and combat readiness plans were fulfilled even better, and the training of new soldiers was improved.

The document also states that progressive advances have been made in tactics, infantry and tank marksmanship, the operation of armored and transport vehicles, and the training of the reserve formations and the Territorial Troops Militias (MTT).

The above factors were discussed in many speeches. While the successes are obvious on the one hand, on the other hand the chiefs, command organizations, political agencies and party organizations must play a more influential and effective role in instruction.

In this regard, the Conference agreed to include among its work objectives increased attention to classes, exercises, training and maneuvers; evaluations at the end of each stage of learning; and the projection of specific tasks, without formalism or rigidity, in order to eliminate defects.

The delegates heard about the extraordinarily positive experiences of units that have entered the vanguard by correctly applying all the mobilizing resources of emulation and observing the principles of constant information, comparison of results and rewards for the best soldiers.

In this context, a very enlightening presentation was the Political Section of the Army's assessment that the groups which meet one of the categories of emulation have chiefs who are both demanding and able to coordinate their

command tasks with party tasks. The political cadres of these groups are also more aware of their reason for being, and the Party has more influence among the masses.

When it came time to discuss the work of educating and training cadres, especially the young officers, an interesting speech was given by the chief of an artillery unit. Most of the posts in that unit are held by recent graduates of the Military Instruction Centers, which means that the chiefs and officers of some units have an average age of 22-1/2 years.

"With this young blood," he emphasized, "our unit has undergone a total improvement. As a result, in the first term of the current instruction year, we were able to fulfill our socialist emulation plan. The age of those who hold a post does not matter; what matters is the attention that is given to exposing newcomers to the experience of veterans."

Col Gustavo Milian Rivero, chief of the Central Political office of the FAR, went into more detail on this matter. He contended that the superior officers must get to know their subordinate officers better so that they can become familiar with their strengths and weaknesses as soon as possible so that the former can be enhanced and the latter eliminated.

As one more proof of its critical nature, the central report describes mass cultural work as "one of the weakest aspects of our ideological labor." The delegates at the Conference advocated periodic reviews of progress in this important area, and urged that the necessary assistance be provided to the grassroots UJC organizations so that they can play a decisive role in the promotion and organization of grassroots activities.

Maj Gen Senen Casas Regueiro, alternate member of the Politburo and first deputy minister of the FAR, presided over the closing ceremonies. He stated that the elimination of deficiencies that affect the instruction process should pose a great challenge to the Communists of this command.

Also chairing the meeting were Brig Gen Gustavo Fleitas Ramirez, member of the Central Committee and chief of the Army; Comrade Esteban Lazo, an alternate member of that body and first secretary of the Party in Matanzas; and Comrade Tomas Cardenas, first secretary of the Party in Villa Clara.

Central Army Delegates to the 3rd Congress: Maj Gen Senen Casas Regueiro; Brig Gens Gustavo Fleitas Ramirez, Orlando Lorenzo Castro, and Sergio Perez Lezcano; Cols Manuel Diaz Gonzalez, Rafael Morales Velazquez, Leonardo R. Andollo Valdes, Ruben Rodriguez Galano, and Ramon Araujo Blanco; and Lt Col Nelson E. Gonzalez Cabello.

8926

CSO: 3248/46



CUBA

**BRIEFS**

**EMG DELEGATES CHOSEN**—General Staff (EMG) Delegates to the 3rd Party Congress: Maj Gens Ulises Rosales del Toro, Pedro Garcia Pelaez, and Jose J. Mendez Cominchez; Brig Gens Francisco Cruz Bourzac, Jesus Bermudez Cutino, Urbelino Betancourt Cruces, and Guillermo Rodriguez del Pozo; Col Roberto Hernandez Suarez; and Lt Cols Isidro M. Padilla Alvarez and Rolando A. Alfonso Borges. [Text] [Havana VERDE OLIVO in Spanish 3 Oct 85 p 9] 8926

CSO: 3248/46



GUATEMALA

OFFICIALS CONFIRM DESTRUCTION OF OIL FIELD

PA011815 Paris AFP in Spanish 1632 GMT 1 Nov 85

[Text] Guatemala City, 1 Nov (AFP)--The guerrillas destroyed a Texaco oil field installation in the northern part of Guatemala, while the authorities intensified counterinsurgency operations scarcely 48 hours before the elections, according to official sources today.

The destruction of the oil field took place on 16 October, but it was not revealed until today when the incident was viewed by diplomatic circles and confirmed to AFP by government officials.

According to the information, members of the Rebel Armed Forces (FAR) occupied the Ocultun camp, in the isolated region of Peten and, after questioning the personnel, sabotaged the installations, including sophisticated well drilling equipment.

Sources at the Energy and Mines Ministry confirmed the rebel action, but gave little importance to the damages, which were described as "considerable" by the personnel of Forex, a French firm in charge of the drilling operations at the Texaco camp.

Meanwhile, and a few hours before Sunday's elections, the rebels continued to intensify their activities and the Army continued its counterinsurgency operations, particularly in the northern, western, and southwestern sectors of the country.

In San Marcos Department in the west, forces of the Revolutionary Organization of the People in Arms (ORPA) have occupied several farms in recent days and damaged some of their installations after holding meetings with the workers.

Military sources claim that "the security for the electoral process is guaranteed." Over 10,000 police and Army units have been mobilized in a special nationwide operation, in addition to the Army's regular activities.

The deputy head of state, General Rodolfo Lobos Zamora, told the press today that "vigilance throughout the country will be intensified" in the next few hours "to avoid disturbances during Sunday's elections."

He also announced that the "Armed Forces have the necessary means to counteract any attempt to disturb order, particularly in the interior" of Guatemala.

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CSO: 3248/62

MEXICO

PRI COMMITMENT TO DIRECT PARTY CANDIDATE SELECTION AFFIRMED

Statement in Campeche

Mexico City EXCELSIOR in Spanish 6 Oct 85 STATES section p 7

[Text] Campeche, Camp., 5 October--The secretary general of PRI's [Institutional Revolutionary Party] CEN [National Executive Committee], Irma Cue de Duarte, claimed here that, with the new system of "direct consultation of the rank and file" with which PRI has already decided on 339 municipal chief executives of 10 states of the republic, there is no "intention of manipulating," and "any attempt at hegemony, whatever its origin," will be prevented.

After it had been decided through the traditional system of nominating by sectors who was to be PRI's candidate for the mayor's office in this capital city, with Jose Medina Maldonado elected, the PRI leader explained that the new process is not being carried out everywhere, because "we are just beginning, and it is being done in small locations for the present."

She added that this new mechanism whereby the PRI member votes directly and secretly on the precandidate of his choice "will attest to its efficiency in the future and will grow."

However, the PRI secretary general remarked that it was too early to say when this system might be implemented, because more time is required to assess the results.

Interviewed less than 24 hours before the direct election of PRI candidates for mayor was to take place in the seven other municipalities of this state (excluding Campeche, where it has already been decided), out of a total of 31 hopefuls, she noted that evidence of the openness of the process lies in the presence of the news media and the freedom with which people are exercising their vote.

Irma Cue de Duarte underscored the virtues of this new process, wherein the statutory and constitutional requirements for being a candidate are fulfilled.

With regard to this new mechanism, the chairman of the convention coordinating commission of PRI's CEN, Maximiliano Silerio Esparza, explained that "there is a wealth of procedures" within PRI for electing its candidates and this has been adopted in accordance with the needs and circumstances.

He gave a reminder that, to date, the results accrued in the electoral processes involving PRI candidates elected through direct consultation of the rank and file have been 100 percent satisfactory, with victory attained in all instances.

Tomorrow, here in the state, 31 PRI members will be participating, in hopes of becoming the leaders of this political organization in the mayor's offices of their respective municipalities. The most interesting situation is that in Ciudad del Carmen, where five persons are participating in the process.

#### Two Upcoming Elections Cited

Mexico City EXCELSIOR in Spanish 8 Oct 85 pp 4-A, 23-A, 28-A

[From "Political Fronts" column by Guillermo C. Zetina]

[Text] Irma Cue, PRI's secretary general, announced in Campeche that this party would select its candidates for mayor in Zacatecas and San Luis Potosí using the direct consultation system, thereby concluding the 1985 electoral cycle.

That method, established by Adolfo Lugo Verduzco, has already been used in Campeche, Nayarit, Yucatan, Sonora, Hidalgo, Tabasco, Tlaxcala, Veracruz, Colima and Jalisco.

In the Campeche capital, Cue remarked: "On the municipal level, PRI has been intensifying its internal democracy throughout the entire country."

In Campeche, the registration of candidates will take place tomorrow. In Ciudad del Carmen, the PRI candidate for mayor is Guillermo Llitas Repeto; in Champoton, Humberto Curmina Barrera; in Calkini, Heriberto Uribe Aviles; in Hecelchak-an, Victoriano Yan May; in Tenabo, Adriano Uc May; and in Palizada, Victorio Ballina Alejo.

With regard to the selection of candidates in Campeche, the chairman of the national convention coordinating commission, Maximiliano Silerio, claimed that the direct consultation has been a success.

2909

CSO: 3248/56

MEXICO

PRI PRECANDIDATES IDENTIFIED, CHIHUAHUA PAN MEETING HELD

Mexico City EXCELSIOR in Spanish 7 Oct 85 pp 4-A, 22-A, 23-A, 28-A

[From "Political Fronts" column by Humberto Aranda]

[Text] With the events that grieved the country and worsened the financial problem still clearly in mind, the issue of the nomination of PRI [Institutional Revolutionary Party] candidates for governorships is tending to reclaim headline status.

In Chihuahua, the group of three comprised of Jose Ernesto Costemalle, director of CONASUPO [National Company for Basic Commodities], and deputies Fernando Baeza and Gen Alonso Aguirre is still firm.

Leading in Puebla are the senator and IEPES [Institute for Political, Economic and Social Studies] director, Angel Aceves Alcocer, and Mariano Pina Olalla, secretary for organization of the CNOP [National Confederation of Popular Organizations]; a position left by the current Puebla governor, Guillermo Jimenez Morales, and Pedro Joaquin Coldwell, governor of Quintana Roo. However, a shuffle in the presidential cabinet could change the picture in Puebla.

Included as potential candidates in Zacatecas are Genaro Borrego, senior official of the PRI; Dr Leobardo Flores, director of the DIF [System for Complete Family Development]; and Senators Rafael Cervantes Acuna and Arturo Romo Gutierrez; the latter in last place owing to CTM's [Confederation of Mexican Workers] total lack of strength in that state, and the better position of Senator Jose Ramirez Gamero, also of CTM, for attaining the nomination in Durango.

For Aguascalientes, mention is made of Hector Hugo Olivares Ventura, member of PRI's CEN [National Executive Committee]; Manuel Diaz Infante, the DF's [Federal District] agent in Miguel Hidalgo; Deputy Miguel Angel Barberena; and the former ambassador to Nicaragua, Augusto Gomez Villanueva.

In Tamaulipas, a decision might be made between Manuel Garza Gonzalez, Senators Americo Villarreal and Salvador Barragan Camacho, Manuel Cavazos Lerma (senior official for Interior), Deputy Joaquin Contreras Cantu, and Alfredo Phillips Olmedo, director of the Foreign Trade Bank.

Cited for Guerrero are Dr Guillermo Soberon, head of the SSA [Secretariat of Health and Assistance], and undersecretary Francisco Ruiz Massieu; as well as Senator Filiberto Vigueras Lazaro and Deputies Pindaro Uriostegui, Jorge Montufar Araujo and Porfirio Camarena Castro.

Noted for Sinaloa are Senators Ernesto Millan Escalante and Juan S. Millan; and Deputies Salvador Robles Quintero and Diego Valadez.

In Michoacan, the following are mentioned: Luis Martinez Villicana, head of agrarian reform, Senator Norberto Mora Plancate, and the municipal chief executive of Morelia, Roberto Robles Garnica.

Heading the list in Veracruz is Fernando Gutierrez Barrios, director of roads and bridges, and it includes Senators Manuel Ramos Gurrion and Mario Hernandez Posadas and Deputy Juan Maldonado Pereda.

Her status as a woman puts Deputy Beatriz Paredes in the best position for Tlaxcala, followed by Senator Faustino Alba Zavala.

There are states in which, at this point, only one man is being mentioned: in Hidalgo, Humberto Lugo Gil, director of ASA [Airports and Auxiliary Services]; in Oaxaca, Senator Heladio Ramirez Lopez; and in Baja California Sur, Deputy Victor Manuel Liceaga Ruibal.

#### PAN Meeting in Chihuahua

Yesterday, with the attendance of Pablo Emilio Madero, national director of PAN [National Action Party], who claimed that the country's main problem is the people's lack of credibility and confidence in the institutions, a PAN state assembly was held in the city of Chihuahua, at which the blue and white party formed a new regional committee with 50 members.

Francisco Barrio, municipal chief executive (a PAN member) of Ciudad Juarez, announced that it would be in December that a regional convention of his party would designate a candidate for the Chihuahua governorship.

Correspondent Francisco Irigoyen, who covered the PAN convention, reported that Pablo Emilio Madero had claimed that Mexico's main problem is not the foreign debt nor the damage caused by the earthquake on 19 September, but rather the fact that the institutions emerge from electoral processes in which there are irregularities.

With regard to the leave of absence requested by Oscar Ornelas to leave the Chihuahua government, Madero said that it was another mistake in the system that would have a high political cost; and expressed confidence that PAN would have an electoral victory in that state during 1986.

At yesterday's PAN assembly, some outbursts of dissent were prompted by the fact that the new PAN regional committee was formed with 17 distinguished members of the party from the state capital and 11 from Ciudad Juarez. Within a 2-week period, a new PAN state board of directors will have to be elected.



## Change in MNJR

More out of the need to provide the National Movement of Revolutionary Youth [MNJR] with a board of directors to replace the one headed by the Sonoran, J. Encarnacion Alfaro, now deputy representing Ecatepec, in the State of Mexico, than to put into practice the plans for democratizing and reinforcing that entity, a national assembly of PRI youth has been called for 30 November.

The site of that meeting, which might be held in Queretaro, has not even been decided yet; but, meanwhile, names of those who might occupy Alfaro's position are being bandied about.

For example, mention has been made of Oscar Aguilar, local deputy from Puebla; Gerardo Ballinas, youth leader in Michoacan; and Hector Yunes Landa, federal deputy from CNOP, whose age is against him: 27 years.

But there has also been mention of Violeta Azcona, council member in the city of Durango; Rosa Maria Mendoza, leader in Oaxaca; and, from the capital, Mireya Sanchez, secretary for organization on the current MNJR national committee.

It remains to be seen whether the PRI high command, as part of the plans to make the MNJR an instrument for political careers without favoritism, will keep its promise to give undersecretarial posts to the youth leaders who have completed their terms in office.

2909

CSO: 3248/54

MEXICO

BANXICO UNABLE TO FULLY FLOAT TREASURY CERTIFICATE ISSUE

Mexico City LA JORNADA in Spanish 9 Oct 85 p 10

[For related article see JPRS Latin America Report of 29 Aug 85 (JPRS-LAM-85-074), pp 74-76]

[Text] For the first time in quite awhile, the Bank of Mexico [Banxico] has been unable to fully float a treasury certificate issue among the investing public on the stock market, according to reports from stock exchange analysts.

The decision by the central banking agency to cancel sales of CETES [Treasury Certificates] and the consequent reduction in the interest rates offered to the public for these instruments caused the latest issue of these certificates, valued at 320 billion pesos, not to be sold completely and, they claimed, "the Bank of Mexico has even retained a major portion of the inventory."

They note that the transactions with those securities have declined considerably during the past 2 weeks, and hence the financial resources taken in, used to finance the governments activities, have decreased. Thus, they estimated that the treasury authorities will have to resort to increasing the primary issue in order to be able to meet their requirements for internal financing.

The drop in that revenue entails a lower amount of internal debt for the federal government, but the cost of this decision could prove greater, owing to the inflationary pressure that would give rise to a greater issue of banknotes, as the stock exchange analysts argued.

According to the official indicators, of the flow of financial resources taken in, recorded during the first half of the year, 30.4 percent pertained to the increase in treasury certificate holdings (498.4 billion pesos); whereas, during the same period of 1984, 8.3 percent was associated with the latter.

2909

CSO: 3248/56

NICARAGUA

EXPATRIATES SEEK AMNESTY, RETURN FROM HONDURAS

PA310033 Managua Domestic Service in Spanish 0300 GMT 30 Oct 85

[Text] A total of 156 Miskito and Sumu Indians who have taken advantage of the amnesty granted by the revolutionary government have been repatriated from Honduras by the UN High Commissioner for Refugees, UNCHR.

Among the repatriates there are 30 persons who had dodged the Patriotic Military Service [SMP]. Gustavo Vindell, our reporter in Somoto, will now give more details on this:

[Begin Vindell relay] This is a report from Las Playitas, Somoto. A total of 156 Nicaraguans, most of whom are Miskitos and Sumus, returned today from Honduras as a result of efforts by UNCHR. UNCHR sources in Honduras said that some of the repatriates had been in the refugee camp [not further identified] almost 1 year, but a large number had been there for almost 4 years.

The repatriates include 100 Miskito and Sumu Indians and 56 natives of the western region. The Miskitos and Sumus will stay in Leon until appropriate conditions are established to take them to the Atlantic coast and the rest will leave for their homes.

The Red Cross at Somoto gave the repatriates a large quantity of clothes for children and adult women and men on their return to Nicaragua. Among the repatriates are approximately 30 evaders of the patriotic military service, who promised to join the country's defense force upon entering Nicaragua.  
[end relay]

/9716  
CSO: 3248/61

NICARAGUA

EXILE HUMAN RIGHTS COMMISSION ON STATE OF EMERGENCY

PA311248 San Jose LA REPUBLICA in Spanish 21 Oct 85 p 17

["Statement of the Commission of Human Rights of Nicaraguans (CDHN) of ANUDE on the Brutal National Emergency Decree of the Communist Regime of Nicaragua"; issued in form of paid advertisement in San Jose on 18 Oct-- passages between slantlines published in boldface]

[Text] The Commission of Human Rights of Nicaraguans [Commisin de Derechos Humanos Nicaraguenses] (CDHN) of ANUDE [Nicaraguan Assembly of Nicaraguan Unity], in response to the national emergency (state of siege) decreed by the Nicaraguan Government on 15 October, states to the Nicaraguan people, international human rights organizations, and the world's democratic peoples and governments.

A) Since assuming power on 19 July 1979 after a bloody war of liberation, the FSLN has uninterruptedly repressed Nicaraguans in open violation of the universal human rights declaration (United Nations) and the American Human Rights Convention. It had been confirmed that Nicaragua's perfidious regime ratified said legal instruments to make time to consolidate itself in power, and as propaganda at the international level.

B) After more than 6 years of constant trampling on and crimes against the long-suffering people of Nicaragua, and based on unjustifiable pretexts, such as that Nicaragua is under a state of aggression, the FSLN government is seeking with this decree to advance toward Marxist-Leninist totalitarianism and the subsequent suppression of all public and individual liberties which Nicaraguans are fully entitled to as human beings.

C) There is also an attempt to exaggerate the seriousness of the country's internal situation in order to refuse the signing of the Contadora peace document, the provisions of which include fundamental issues such as internal reconciliation, the end of the arms race, the reduction of arsenals, the withdrawal of foreign military advisers, and verification and control mechanisms. The implementation of said provisions would not only destabilize the FSLN dictatorship, but also significantly weaken its capacity to expand to other Central American countries, a role that Soviet social imperialism has assigned it in the region.

Below we present several of the articles of the Statute of Rights and Guarantees of Nicaraguans that have been suspended by instructions of the FSLN dictatorship so as to keep public opinion duly informed of the brutality contained in the so-called "National Emergency" decree. We also offer commentaries as to the implications of each suspended article.

/SUSPENDED/

Art. 8 "All individuals are entitled to individual liberty and personal safety."

/Commentary/ [Subhead]

The suspension of Article 8 implies that any citizen is subject to arbitrary arrest at any time of day by the fearful State Security that is under the Interior Ministry, and that he can be imprisoned for an indefinite period of time without charges being pressed against him or any kind of due process or trial. Thus, everyone is exposed to the abuses that the FSLN fanatics deem fit against those who they consider enemies, even including uninvolved people.

/Suspended/

Articles 8, 9, 10, 11, 13 (everything concerning the integrity and good treatment of prisoners)

/Commentary/

As Articles 8, 9, 10, 11, and 13 are no longer in effect, all prisoners--totalling more than 20,000--and those sent to prison from now on may be tortured--a frequent practice in the FSLN jails--and may be sentenced to serve a long time in jail, without any possibilities for the victims to appeal to a competent court to demand justice.

/Suspended/

Article 15 "Any person who is legally in Nicaraguan territory will have a right to move freely and to choose his place of residence freely. Nicaraguans will be free to enter and leave the country."

/Commentary/

/With the suspension of Article 15, Nicaraguans will find that their right to travel from one city to another within the country has been restricted. They are even deprived of their right to choose their place of residence, a right that exists in all civilized countries. Their right to leave the country has also been banned. As happens in all totalitarian regimes, this suspension is aimed at exerting greater control over the population, and also to prevent the leaders of the internal opposition from travelling abroad to protest the atrocities of the current government./



/Suspended/

Article 18 "No person will be subject to arbitrary or illegal interference affecting his private life, his family, his home, his correspondence, or his communications."

/Commentary/

Obviously, by suspending Article 18, the FSLN repressive organizations reserve "the right" to raid houses without any legal writ, and since they can act with impunity, they may indulge in outrages against the country's honest citizens. Telephone tapping and violating correspondence are everyday functions of the Sandinist State Security organizations.

/Suspended/

Article 21 "All persons have a right to freedom of expression."

/Commentary/

Article 21 has almost never been respected. Nicaraguans have been deprived of their right to express themselves because almost all the collective communications means are in the hands of the state. The few independent media sources that still exist, such as Radio Catolica of Nicaragua, are subject to previous censorship. The objective of this measure is to prevent the population from learning about the disaster and abuses of the FSLN government, and to neutralize the only independent newspaper left in the country: "LA PRENSA"

/Suspended/

Article 24 "All persons have a right to freely associate with others for legal purposes."

/Commentary/

The suspension of Article 24 seeks to definitively eliminate political pluralism and a mixed economy, two of the revolution's original principles that have been no more than fiction. Now, neither the political parties nor business enterprises will be able to carry out any significant activity, as their members can be easily sent to prison.

/Suspended/

Article 32 "The right to strike by workers, exercised in keeping with the law, is recognized."

/Commentary/

This right has not been respected either. Since taking over, the FSLN has constrained (forzado) the Single Federation of Sandinist Workers [CUTS] which is at the service of the state. The two independent federations, namely the CTN

[Nicaraguan Workers Federation] and CUS [Confederation for Trade Union Unity], which played an important role in the struggle against the previous dictatorship, have been brutally repressed. Leaders of various labor unions such as the clothing industry, for example the E. Chamorro and Co., etc., have been victims of repeated harassment for trying to organize strikes in demand of higher wages. Mr Alejandro Solorzano, secretary general of the Trade Union of Carpenters, Fitters, Masons and Related Trades Workers (SCAAS), has been kept in detention and incommunicado for the past few days for demanding the payment to workers of wages corresponding to the 13th month. In the face of worker strikes, brought about by worker exploitation and dissatisfaction with FSLN wage policy, this right is now being officially suspended.

[Suspended]

Article 50 "Any person whose rights or liberties, which are recognized in this statute or in the Fundamental Statute decreed on 20 July 1979, have been violated, can file an appeal for the violation of the constitutional guarantee for protection of civil rights, in keeping with the law."

/Commentary/

The suspension of Article 50 constitutes a return to the law of the jungle. It is analogous to the Costa Rican Government stating: "The country's Constitution has been suspended", and everything is left to the whim and will of the rulers.

Another reason that moved the FSLN government to decree a state of "national emergency is the international isolation from democratic countries to which it is being subjected; as a result of that, the FSLN does not wish to continue to make believe that it is a democracy, because it does not believe in democracy. In other words, in the face of severe criticism from Christian Democratic International (CDI), Liberal International (LI), Resistance International [Internacional de la Resistencia -- IR], and democratic leaders and governments of the Western world, that government decided to unmask itself and finally establish in the Constitution that it is imposing a Marxist-Leninist regime at full force. We must recall that Bayardo Arce, one of the nine FSLN commanders, a few months before the November 1984 electoral farce, said that they could not "participate in the election with a pink banner to later approve a red constitution."

Due to these, the CDHN of ANUDE makes a dramatic call to all international organizations involved in human rights, and the democratic peoples and government of the world to condemn the barbarian state that the FSLN is establishing in Nicaragua; this attitude not only goes against the welfare of our people, but also against the principles of our Christian and Western civilization.

Wilfredo Montalvan, Coordinator General;  
Antonio Ruiz, Executive Secretary

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CSO: 3248/61

NICARAGUA

GOVERNMENT SIGNS COOPERATION AGREEMENT WITH GDR

PA020320 Managua Radio Sandino in Spanish 1200 GMT 31 Oct 85

[Text] Last night, at the conclusion of the fifth meeting of the GDR-Nicaraguan mixed commission during which the key points to expand the cooperation network between the two countries were discussed, a new economic, financial, trade, scientific and technical cooperation agreement was signed between these two peoples and governments. The new bilateral cooperation agreement specifies the GDR's firm commitment to expand its aid in these four areas not only during the 1985-86 period, but also a commitment for material and financial solidarity for long-term projects. The cooperation agreement between the GDR and Nicaragua was signed by James Zablah, Nicaraguan deputy foreign cooperation minister, and (Klaus Hartich), general director of the GDR's foreign trade ministry. Also present during the signing ceremony were: commander of the Revolution Henry Ruiz, Nicaraguan foreign cooperation minister; Victor Hugo Tinoco, Nicaraguan deputy foreign minister; Rodrigo Cardenal, Nicaraguan ambassador to the GDR; and (Henry Marse), GDR ambassador to Nicaragua.

The GDR's solidarity and support for Nicaragua is not only limited to the 1986 period; it is a commitment made by our government to help Nicaragua with several long-term projects, (Klaus Hartich), general director of the GDR's foreign trade ministry said last night. (Hartich) was approached by the local press after the new economic, financial, trade, scientific, and technical, agreement was signed with Nicaragua. He said that all measures agreed upon and established in the document are of a long-term and systematic aid nature. (Hartich) said that the GDR will help in the expansion of El Bluff Port. The GDR will supply the cranes and other heavy equipment. His country will also help to expand and develop the Nicaraguan textile industry, it will continue to send technicians and specialists, and it will continue providing technical and professional help to train the Nicaraguan workers to use the modern equipment. (Hartich) added that the GDR's aid to Nicaragua grows each year and that in face of the imperialist aggression against this small Central American country, his country will expand its cooperation to revive the revolution's economy.

In conclusion, the GDR official said that in view of the list of needs presented by Nicaragua, this fifth mixed commission agreed to sign new contracts through 20 November 1985.

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NICARAGUA

LAW ISSUED TO REGULATE CHRISTMAS BONUS PAYMENTS

PA311356 Managua Domestic Service in Spanish 0300 GMT 31 Oct 85

[Communique issued by the Presidency of the Republic; date and place not given--read by announcer]

[Text] Law No. 12 [title]

The president of the Republic hereby advises the Nicaraguan people that the Nicaraguan National Assembly has issued the following law to modify Decree 179 of 11 November 1979.

Article 1.

Article 3. Paragraph A of Decree No. 179 published in the GACETA OFFICIAL DIARIO No. 71 of 30 November 1979 is hereby modified to read that in lieu of 5,000 cordovas, the amounts of the Christmas bonus that Nicaraguan workers will contribute are hereby established, as follows:

- A) Those workers whose Christmas salaries are equal to or less than the rate approved and assigned to Group X of the standing salary scale will be exempt from contributing to the fund.
- B) Those workers whose Christmas salaries exceed said rate will be exempt from contributing to the fund the equivalent of the rate assigned to Group X. The surplus will constitute a contribution to the fund.

Article 2. Temporary

This year the 13th month will be paid in accordance to each worker's last salary and time in service.

Article 3.

This law is effective as of its publication in any media, regardless of its date of publication in the GACETA OFFICIAL DIARIO.

Issued in the National Assembly Hall on 15 October 1985.

For peace, all against aggression.

Carlos Nunez Tellez, president of the National Assembly.



NICARAGUA

BRIEFS

EEC MEMBERS HELP IN PROJECTS--The EEC will finance a project to prevent losses of basic grains after they are harvested. The \$8 million project will be carried out in 3 years in the country's 5th region which is the country's greatest grain producer. The Netherlands Government is cooperating with the Nicaraguan Government in the expansion and improvement of the transportation system in the country's waterways. The aid of the Netherlands Government is estimated at \$27 million. Yesterday, a ship for cargo and passenger transportation was launched in Lake Nicaragua. It was built with the help of the Netherlands Government. Meanwhile, Italian Bruno Guliano, a representative of the Committee for the Development of Developing Countries, arrived in Managua yesterday. During his stay, he will sign technical and financial cooperation agreements with the Nicaraguan Government. [Text] [Managua Radio Sandino in Spanish 1930 GMT 1 Nov 85 PA]

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TURKS AND CAICOS

**BRIEFS**

**ELECTIONS FOR LEGISLATURE--**The British colony of the Turks and Caicos is preparing for by-elections to replace 3 of the 11 members of its legislature. The three members are serving jail sentences in the United States for drug smuggling. The new chief minister of the Turks and Caicos, Nathaniel Francis, says by-elections will be held as soon as the three resign or miss three meetings of the legislature. As soon as either of these conditions is met, according to the constitution, by-elections must be held. [Text] [Bonaire Trans World Radio in English 1130 GMT 25 Oct 85 FL]

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